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ORIGINAL

AZ CORP COMMISSION

DOCKET CONTROL

Transcript Exhibit(s)

2016 JUN 8 PM 3 03

Docket #(s): S-20938A-15-0308

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Arizona Corporation Commission

DOCKETED

JUN 8 2016

DOCKETED BY KE

Exhibit #: S 100-184

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Part 3 of 3

For parts 1 + 2, see barcodes 0000170810 +

0000170811

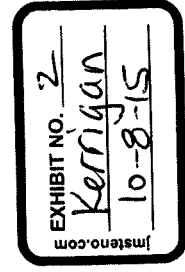
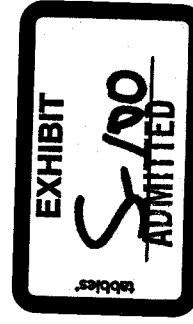


### Judgment/Lien

This type of disclosure event involves an unsatisfied and outstanding judgments or liens against the broker.

#### Disclosure 1 of 1

**Reporting Source:** Broker  
**Judgment/Lien Holder:** IRS  
**Judgment/Lien Amount:** \$22,909.36  
**Judgment/Lien Type:** Tax  
**Date Filed with Court:** 07/16/2014  
**Date Individual Learned:** 07/16/2014  
**Type of Court:** IRS FEDERAL PAYMENT LEVY PROGRAM  
**Name of Court:** DEPARTMENT OF THE TREASURY - FINANCIAL MGMT SERVICE  
**Location of Court:** BIRMINGHAM, AL  
**Judgment/Lien Outstanding?** Yes



**First Financial Equity Corporation**  
**2010**  
**Annual U-4 Update Request**

**Name:** Robert Kerrigan

**Current address on Form U-4:**

[REDACTED] AZ [REDACTED]

Is this address correct? ☒ YES ☐ NO

If no, please provide current address and the date you began residing there.

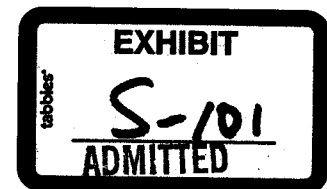
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**Outside Business:**

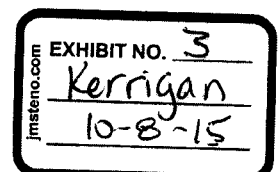
PERSONAL WEALTH MGMT GROUP. 7373 N SCOTTSDALE RD SUITE D120 SCOTTSDALE AZ. INVEST-RELATED. FIXED LIFE INS SALES. OWNER SINCE 1992. APPROX 1 HR/MO. NONE DURING TRADING HRS.(2)WEALTH LEGACY CONSULTANTS, LLC 7373 N SCOTTSDALE RD., STE. D120 SCOTTSDALE, AZ 85253. INVESTMENT RELATED NO, PARTNER, 09/2004, 25 HRS PER MONTH, 25 HRS DURING TRADING TIME. CONSULTING SERVICE.

Are the disclosed outside business activities current? ☒ YES ☐ NO

If no, please advise changes:



ACC000278  
FILE #8503



## WITHIN THE PAST 12 MONTHS

### CRIMINAL DISCLOSURE

Have  
you:

- a. Been convicted of or pled guilty or nolo contendere ('no contest') in  
a domestic, foreign, or military court  
to any felony?  
b. Been charged with any felony?

Yes	No
	X
	X

Have  
you:

- a. Been convicted of or pled guilty or nolo contendere ('no contest') in a domestic, foreign, or military court to a misdemeanor involving:  
investments or an investment-related business or any fraud, false statements  
or omissions, wrongful taking of property, bribery, perjury, forgery,  
counterfeiting, extortion, or a conspiracy to commit any of these offenses?  
b. Been charged with any misdemeanor specified in 3a?

Yes	No
	X
	X

### CUSTOMER COMPLAINT / ARBITRATION / CIVIL LITIGATION DISCLOSURE

Have you ever been named as a respondent/defendant in an investment-related,  
consumer initiated arbitration or civil litigation which alleged that you were involved in one  
or

more sales practice violations and which:

- a. Is still pending, or  
b. Resulted in an arbitration award or civil judgement against you, regardless of  
amount, or;  
c. Was settled for an amount of \$10,000  
or more?  
d. Alleged that you were involved in one or more sales practice violations and  
contained a claim for compensatory damages of \$5,000 or more  
(if no damage  
amount is alleged, the complaint must be reported unless the firm  
has made a  
good faith determination that the damages from the alleged  
conduct would be  
less than the \$5,000), or  
e. Alleged that you were involved in forgery, theft, misappropriation  
or conversion  
of funds or securities?

Yes	No
	X

	X
	X

Yes	No
	X

	X
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### FINANCIAL DISCLOSURE

- a. Have you made a compromise with creditors, filed a bankruptcy petition  
or been the subject of an involuntary bankruptcy petition?  
b. Based upon events that occurred while you exercised control  
over it, has an  
organization made a compromise with creditors, filed a bankruptcy petition,  
or been the subject of an involuntary  
bankruptcy?

Yes	No
	X

	X
--	---


Do you have any unsatisfied judgements or  
liens against you?

X	
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ACC000279  
FILE #8503

I certify that I have answered the above questions truthfully and to the best of my knowledge. I will notify compliance immediately upon any changes in the above information.

I hereby authorize FFEC or its authorized agents to investigate and verify and of the information referenced on this Annual Update, including but not limited to my employment, registration history records through the NASD's Central Registration Depository ("CRD") and through other organizations. This authorization includes permitting FFEC to order and obtain histories on residency, criminal and civil court, bankruptcy, corporation/LLC formation, and a consumer Credit Report. I understand that upon my separate written request, I will be advised if a Consumer Credit Report was requested, and given the name, address and phone number of the consumer agency from which it was requested, as well as the nature and scope of the request if applicable. I also understand that if a Consumer Credit Report was requested, I will have the right to obtain a copy of the report by contacting the agency directly. I further understand that FFEC will attempt to keep this information confidential and I release FFEC from any liability whatsoever in connection therewith. A copy of the "Summary of Your Rights Under the Fair Credit Reporting Act" is enclosed.

  
Signature

ROBERT L. KERRIGAN  
Printed Name

DEC 6, 2010  
Date

# First Financial Equity Corporation 2011

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## Annual U-4 Update Request

Name: Robert Kerrigan

Current address on Form U-4:

[REDACTED] AZ [REDACTED]

Is this address correct? ☒ YES ☐ NO

If no, please provide current address and the date you began residing there.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

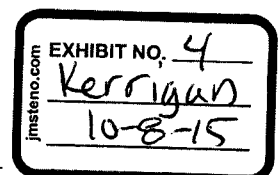
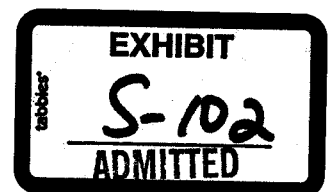
Outside Business:

PERSONAL WEALTH MGMT GROUP. 7373 N SCOTTSDALE RD SUITE D120 SCOTTSDALE AZ.  
INVEST-RELATED. FIXED LIFE INS SALES. OWNER SINCE 1992. APPROX 1 HR/MO. NONE DURING  
TRADING HRS.(2)WEALTH LEGACY CONSULTANTS, LLC 7373 N SCOTTSDALE RD., STE. D120  
SCOTTSDALE, AZ 85253. INVESTMENT RELATED NO, PARTNER, 09/2004, 25 HRS PER MONTH, 25  
HRS DURING TRADING TIME. CONSULTING SERVICE. (3) DENTAL PRACTITIONER STRATEGIES,  
SAME ADDRESS AS FFEC, THIS IS A DBA ONLY UNDER WHICH KERRIGAN WILL CONDUCT A  
PORTION OF HIS BUSINESS AND MARKETING EFFORTS TOWARDS DENTISTS.

Are the disclosed outside business activities current? ☒ YES ☐ NO

If no, please advise changes:

ACC000289  
FILE #8503



Please answer EACH question below. Answers should be only in relation to any new information within the last 12 months.

#### CRIMINAL DISCLOSURE

- |   |     |           |
|---|-----|-----------|
| 1. Have you been convicted of, pled guilty, or "no contest" in a domestic, foreign or military court to any felony?   | Yes | <u>No</u> |
| 2. Have you been charged with any felony?   | Yes | <u>No</u> |
| 3. Have you been convicted of, pled guilty or "no contest" in a domestic, foreign, or military court to a misdemeanor involving investments or an investment-related business?  | Yes | <u>No</u> |
| 4. Have you been convicted of, pled guilty or "no contest" in a domestic, foreign, or military court to a misdemeanor involving fraud, false statements or omissions?   | Yes | <u>No</u> |
| 5. Have you been convicted of, pled guilty or "no contest" in a domestic, foreign, or military court to a misdemeanor involving wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses? | Yes | <u>No</u> |
| 6. Have you been charged with any misdemeanor specified in questions 3-5?   | Yes | <u>No</u> |

#### CUSTOMER COMPLAINT / ARBITRATION / CIVIL LITIGATION DISCLOSURE

Have you been named as a respondent/defendant in an investment-related consumer initiated arbitration or civil litigation which alleged that you were involved in one or more sales practice violations and which:

- |   |     |           |
|---|-----|-----------|
| 1. Is still pending?  | Yes | <u>No</u> |
| 2. Resulted in an arbitration award or civil judgment against you, regardless of amount?  | Yes | <u>No</u> |
| 3. Was settled for an amount \$10,000 or more?  | Yes | <u>No</u> |
| 4. Alleged that you were involved in one or more sales practice violations and contained a claim for compensatory damages of \$5,000 or more? | Yes | <u>No</u> |
| 5. Alleged that you were involved in forgery, theft, misappropriation or conversion of funds or securities?                                   | Yes | <u>No</u> |

#### FINANCIAL DISCLOSURE

- |  |     |           |
|--|-----|-----------|
| 1. Have you made a compromise with creditors, filed a bankruptcy petition or been the subject of an involuntary bankruptcy petition?   | Yes | <u>No</u> |
| 2. Based upon events that occurred while you exercised control over it, has an organization make a compromise with creditors, filed a bankruptcy petition, or been the subject of an involuntary bankruptcy? | Yes | <u>No</u> |
| 3. Do you have any unsatisfied judgments or liens against you?   | Yes | <u>No</u> |

ACC000290  
FILE #8503

I certify that I have answered the above questions truthfully and to the best of my knowledge. I will notify compliance immediately upon any changes in the above information.

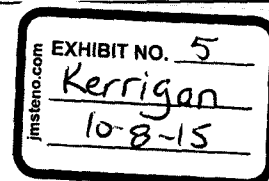
I hereby authorize FFEC or its authorized agents to investigate and verify and of the information referenced on this Annual Update, including but not limited to my employment, registration history records through the NASD's Central Registration Depository ("CRD") and through other organizations. This authorization includes permitting FFEC to order and obtain histories on residency, criminal and civil court, bankruptcy, corporation/LLC formation, and a consumer Credit Report. I understand that upon my separate written request, I will be advised if a Consumer Credit Report was requested, and given the name, address and phone number of the consumer agency from which it was requested, as well as the nature and scope of the request if applicable. I also understand that if a Consumer Credit Report was requested, I will have the right to obtain a copy of the report by contacting the agency directly. I further understand that FFEC will attempt to keep this information confidential and I release FFEC from any liability whatsoever in connection therewith. A copy of the "Summary of Your Rights Under the Fair Credit Reporting Act" is enclosed.

Signature

Printed Name

Date

ACC000291  
FILE #8503

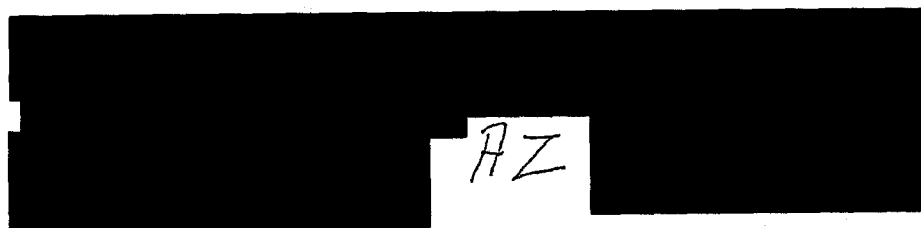


# First Financial Equity Corporation 2012

## Annual U-4 Update Request

Name: *ROBERT L. KERRIGAN*

Current address:



Outside Business: *WEALTH LEGACY CONSULTANTS, LLC*

Please disclose any outside business activity in which you are currently active, if applicable.

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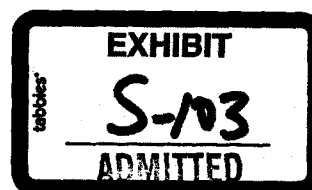
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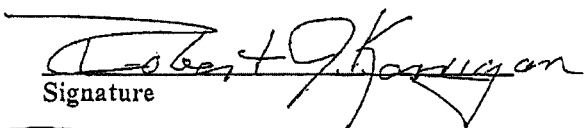
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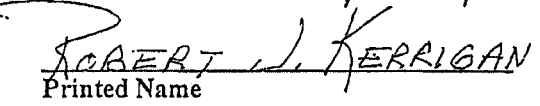
ACC000292  
FILE #8503



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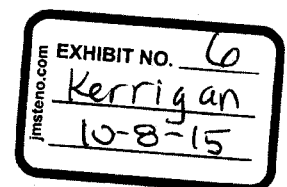
  
Signature

  
Printed Name

  
Date

ROBERT L. KERRIGAN  
OUTSIDE BUSINESS ACTIVITIES

UNIVERSITY OF WISCONSIN OSHKOSH FOUNDATION BOARD  
THOMPSON PEAK HOSPITAL LEADERSHIP COUNCIL  
USA BARCELONA REALTY ADVISORS EXECUTIVE MEMBER  
GREATER PHOENIX YMCA BOARD  
ARIZONA HEMOPHILIA ASSOCIATION BOARD OF DIRECTORS



ACC000295  
FILE #8503

Rec'd  
12/8/14  
(js)

First Financial Equity Corporation  
Outside Business Activities of Registered Persons  
Rule 3270 Analysis

Robert Kerrigan - Wealth Legacy Consultants, LLC - Consulting

Will the proposed activity interfere with or otherwise compromise the registered rep's responsibilities to FFEC or FFEC's customers?

☐

Yes

☒

No

Will the proposed activity be viewed by customers or the public as part of FFEC's business based upon, among other factors, the nature of the proposed activity and the manner in which it will be offered?

☐

Yes

☒

No

Will FFEC approve this proposed activity?

☒

Yes

☐

No

Based on a review of factors, FFEC is imposing specific condition and/or limitations on the proposed activity as follows:

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Melissa Strause  
(Print Name of Principal)

M. Strause  
(Signature)

8/2/2011  
(Date)

imsteno.com	EXHIBIT NO. 7
	Kerrigan
	10-8-15

ACC000281  
FILE #8503

tabbles	EXHIBIT
	S-105
	ADMITTED

⇒ State

EXHIBIT A - INVESTOR QUESTIONNAIRE AND SUBSCRIPTION AGREEMENT

BARCELONA ADMINISTRATION COMPANY, L.L.C.

INVESTMENT UNIT  
INVESTOR QUESTIONNAIRE AND SUBSCRIPTION AGREEMENT

Barcelona Administration Company, L.L.C.  
11419 N. Century Lane  
Scottsdale, Arizona 85254

KAVES  
\$250K

12.1.12

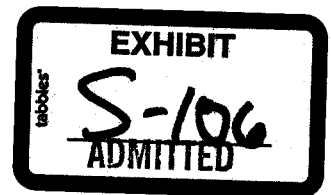
Purchaser:

You have informed the undersigned (the "Purchaser") that **BARCELONA ADMINISTRATION COMPANY, L.L.C.**, an Arizona limited liability company (the "Company") wishes to raise up to One Million Dollars (\$1,000,000) from various persons such as me by selling \$1,000,000 in principal amount of its Investment Units at par in an offering which is designed to comply with Rule 506 of Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act").

I have received, read and understand the materials delivered to me relative to the Company and its business (the "Materials"). I further understand that my rights and responsibilities as a Purchaser will be governed by the terms of this **Investor Questionnaire and Subscription Agreement** and the Offering (collectively, the "Offering"). I understand that you will rely on the following information to confirm that I am an "accredited investor" as defined in Regulation D, and that I am qualified to be a Purchaser. **INVESTMENT UNITS WILL BE OFFERED AND SOLD ONLY TO ACCREDITED INVESTORS.**

**THE INVESTMENT UNITS MAY BE OFFERED AND SOLD BY THE ISSUER ONLY TO ACCREDITED INVESTORS AS DEFINED IN THE SECURITIES ACT. THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR THE ARIZONA CORPORATION COMMISSION, NOR HAVE THEY PASSED UPON THE MERITS OF OR OTHERWISE APPROVED THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

This Investor Questionnaire and Subscription is one of a number of such subscriptions for Investment Units. By signing this **Investor Questionnaire and Subscription Agreement**, I offer to purchase from the Company the principal amount of Investment Units set forth below on the terms specified herein. The Company reserves the right, in its complete discretion, to reject any subscription offer. If my offer is accepted, the Company will execute a copy of this Investor Questionnaire and Subscription Agreement and return it to me.



ACC000821  
FILE #8503

PE  
ME

1. Accredited Investor. I am an Accredited Investor because I fall within one of the following categories:

Check one or more of the following:

- ☒ \$1,000,000 Net Worth  
A natural person, whose individual net worth or joint net worth with that person's spouse, exclusive of the value of personal residence, exceeds \$1,000,000.
- ☒ \$200,000/\$300,000 Income  
A natural person who had an individual income in excess of \$200,000 (including contributions to qualified employee benefit plans) or joint income with such person's spouse in excess of \$300,000 in each of the two most recent years and who reasonably expects to attain the same individual or joint levels of income (including such contributions) in the current year.
- ☐ Manager of Issuer  
Any Manager of the Company
- ☒ All Equity Owners In Entity Are Accredited  
An entity (i.e. corporation, partnership, trust, IRA, etc.) in which all of the equity owners are Accredited Investors as defined herein.
- ☐ Corporation  
A corporation not formed for the specific purpose of acquiring the Investment Units offered, with total assets in excess of \$5,000,000.
- ☐ Other Accredited Investor  
Any natural person or entity which qualifies as an accredited investor pursuant to Rule 501(a) of Regulation D promulgated under the Act; specify basis for qualification:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. Representations and Warranties. I represent and warrant to the Company that:

(a) I (i) have adequate means of providing for my current needs and possible contingencies, and I have no need for liquidity of my investment in the Investment Units, (ii) can bear the economic risk of losing the entire amount of my investment in Investment Units, and (iii) have such knowledge and experience that I am capable of evaluating the relative risks and merits of this investment.

(b) The address set forth below is my correct residence, and I have no present intention of becoming a resident of any other state or jurisdiction.

(c) I have \_\_\_\_, have not ☒, utilized the services of a "Purchaser Representative" (as defined in Regulation D promulgated under the Securities Act).

(d) I have received and read, and am familiar with the Offering Memorandum. All documents, records and books pertaining to the Company and the Investment Units requested by me, including all pertinent records of the Company, financial and otherwise, have been made available or delivered to me.

(e) I have had an opportunity to ask questions of and receive answers from the Company's Manager and its representatives concerning the Company's affairs generally and the terms and conditions of my proposed investment in the Investment Units.

ACC000822  
FILE #8503

(f) I understand the risks implicit in the business of the Company. Among other things, I understand that the Company was recently formed to act as the Advisor to one or more REIT's and/or Funds. The Company has a limited history of operations, and there can be no assurance that the Company will be successful in obtaining adequate funds or establishing profitable operations. If any principal amount of Investment Units is sold, the Company will have immediate use of my funds, and Proceeds of this offering may not be sufficient for the Company's long-term needs.

(g) I further understand that the Company's sole business will be to act as the Advisor to one or more REIT's and/or Funds, and that the Company's business involves substantial risks, including those set forth under "Risk Factors" in the Offering.

(h) Other than as set forth in the Offering, no person or entity has made any representation or warranty whatsoever with respect to any matter or thing concerning the Company and this Offering and I am purchasing the Investment Units based solely upon my own investigation and evaluation.

(i) I understand that no Investment Units have been registered under the Securities Act, nor have they been registered pursuant to the provisions of the securities or other laws of applicable jurisdictions. Unless my Investment Units are registered under the Act or the Securities Exchange Act of 1933, I may re-offer or resell my Investment Units only to Accredited Investors or pursuant to an exemption from registration.

(j) The Investment Units for which I subscribe are being acquired solely for my own account, for investment and are not being purchased with a view to or for their resale or distribution. In order to induce the Company to sell Investment Units to me, the Company will have no obligation to recognize the ownership, beneficial or otherwise, of the Investment Units by anyone but me.

(k) I am aware of the following:

(i) The Investment Units are a speculative investment that involves a high degree of risk;

(ii) My interest in the Investment Units is not readily transferable; it may not be possible for me to liquidate my investment;

(iii) No financial statements of the Company have been compiled, reviewed or audited by independent certified public accountants, but have merely been prepared by management of the Company; and

(iv) No federal or state agency has made any finding or determination as to the fairness of the Investment Units for investment nor any recommendation or endorsement of the Investment Units.

(l) Except as set forth in the Offering, no person has ever represented, guaranteed, or warranted to me expressly or by implication, the approximate or exact length of time that I will be required to hold the Investment Units.

(m) I agree to indemnify the Company, and hold the Company harmless from and against any and all liability, damage, cost or expense incurred on account of or arising out of:

(i) Any inaccuracy in the declarations, representations, and warranties set forth above;

(ii) Any disposition of any of the Investment Units by me which is contrary to the foregoing declarations, representations and warranties; and

(iii) Any action, suit or proceeding based upon (A) the claim that such declarations, representations, or warranties were inaccurate or misleading or otherwise cause for obtaining damages or redress from the Company; or (B) the disposition of any of the Investment Units.

The foregoing representations and warranties are true as of the date hereof, shall be true and accurate as of the date of the delivery of the funds to the Company and shall survive such delivery. If, in any respect, such representations and warranties are not true and accurate prior to delivery of the funds, I will give written notice of that

fact to the Company, specifying which representations and warranties are not true and accurate and the reasons therefore.

3. Transferability. I understand that I may sell or otherwise transfer my Investment Units only: (a) in compliance with paragraph E of Rule 140; (b) if registered under the Securities Act; or (c) with the favorable opinion of counsel to the Company to the effect that such sale or other transfer may be made in the absence of registration under the Securities Act. I have no right to cause the Company to register the Investment Units. Any certificates or other documents representing my Investment Units will be contain a restrictive legend reflecting this restriction as set forth in the bold legend on the first page of this **Investor Questionnaire and Subscription Agreement**, and stop transfer instructions will apply to my Investment Units.

4. Indemnification. I understand the meaning and legal consequences of the representations and warranties contained in Paragraph 2 above, and I will indemnify and hold harmless the Company, its officers, directors and representatives involved in the offer or sale of the Investment Units to me, as well as each of the managers and representatives, employees and agents and other controlling persons of each of them, from and against any and all loss, damage or liability due to or arising out of a breach of any representation or warranty of mine contained in this Investor Questionnaire and Subscription Agreement.

5. No Revocation. I will not cancel, terminate or revoke this **Investor Questionnaire and Subscription Agreement**, and this **Investor Questionnaire and Subscription Agreement** shall survive my death or disability.

6. Termination of Subscription Agreement. If this subscription is rejected by the Company, then this **Investor Questionnaire and Subscription Agreement** shall be null and void, no party shall have any rights against any other party hereunder, and the Company shall promptly return to me the funds delivered with this **Investor Questionnaire and Subscription Agreement**.

7. Miscellaneous.

(a) This **Investor Questionnaire and Subscription Agreement** shall be governed by and construed in accordance with the substantive law of the State of Arizona.

(b) This **Investor Questionnaire and Subscription Agreement** constitutes the entire Agreement between the parties hereto with respect to the subject matter hereof and may be amended only by a writing executed by all parties.

8. Ownership Information. Please print here the total principal amount of Investment Units to be purchased, and the exact name(s) in which the Investment Units will be registered:

TOTAL PRINCIPAL AMOUNT: \$ 250,000

NAME(S):

1) Rodney L. Eaves

2) Melissa A. Eaves

SOCIAL SECURITY #(S):

1) [REDACTED]

2) [REDACTED]

Ownership shall be taken in the Investment Units as follows:

- ☐ Single Person
- ☐ Husband and Wife, as community property
- ☒ Joint Tenants (with right of survivorship)
- ☐ Tenants in Common
- ☐ A Married Person as separate property
- ☐ Corporation or Other Organization
- ☐ A Partnership
- ☐ Trust
- ☐ IRA
- ☐ Tax-Qualified Retirement Plan

(i) Trustee(s)/Custodian \_\_\_\_\_

(ii) Trust Date \_\_\_\_\_

(iii) Name of Trust \_\_\_\_\_

(iv) For the benefit of \_\_\_\_\_

Other: \_\_\_\_\_  
(Please Explain)

RESIDENCE ADDRESS:

\_\_\_\_\_  
Street Address  
\_\_\_\_\_  
City State Zip

MAILING ADDRESS: (Complete only if different from residence)

Street Address (If P.O. Box, include address for surface delivery if different than residence)

City State Zip

PHONE: Home: ( ) \_\_\_\_\_  
Business: ( ) \_\_\_\_\_  
Facsimile: ( ) \_\_\_\_\_

ACC000825  
FILE #8503

RE  
ME

9. Date and Signatures.

Dated March 7<sup>th</sup>, 2013.

Purchaser Signatures:

Purchaser Name: (Print)

Rodney L. Eaves  
Melissa A. Eaves

Rodney L. Eaves  
Melissa A. Eaves

(Each co-owner or joint owner must sign. Names must be signed exactly as listed under Purchaser Name)

For Company Use

ACCEPTED:

BARCELONA ADMINISTRATION COMPANY, L.L.C.

By: [Signature]

Its: Manager

DATED: March 11, 2013

one, and we showed them a place to test the market. It did come as a surprise."

Morris said Spirit shared its news with Gateway officials Thursday afternoon, and Gateway then alerted the six member communities that constitute the airport authority. Spirit's official announcement came on the day the airport topped 5 million commercial-service passengers.

At the \$-million mark celebration, Mesa Mayor Scott Smith and Queen Creek Mayor Bill Barney both stressed that Gateway is a collaborator with Sky Harbor, not a competitor. "Gateway is truly fulfilling its mission as a complement ... to Phoenix Sky Harbor," Smith said. "We look at these two as really being bookends to incredible develop-

ment from mid-air to the ground to Mexico City and Guadalajara from Sky Harbor in the fall. "These additional flights are evidence that the city and the airport have weathered the tough economic times and are ready for growth," Phoenix City Manager David Cavazos said.

Sky Harbor officials said their involvement in Spirit's decision was minimal, in contrast to the move by Volaris, which city officials spent more than a year courting.

"Some time in the last couple of months, they asked us for some basic information," Sky Harbor spokeswoman Deborah Ostreicher said. Spirit inquired about rates and charges for operating at Sky Harbor and whether the airport had terminal space, she

said. Spirit, according to Spirit's website, is planning to test the market.

There were no actual negotiations or talks, and neither the Phoenix City Council nor Phoenix Mayor Greg Stanton was involved, she said.

"We want Spirit to succeed," Stanton said. "But I would never participate in offering any kind of incentive for a company to move from one location to another in the Valley. Phoenix-Mesa Gateway will be a huge success. Phoenix has as much interest as anyone in seeing Phoenix-Mesa Gateway be a huge success because we're a huge investor in that airport."

Spirit has not yet signed a lease with Sky Harbor, something that likely will take place in the next few weeks. The airline will have to coordinate

all of its operations in the Valley to Sky Harbor (Tolima), and they've indicated they're planning to continue to expand at Gateway.

Santon said Spirit's departure "creates additional opportunities in the terminal to attract another carrier, and we're hopeful and excited about what lies ahead."

Spirit flights from Phoenix to Dallas-Fort Worth will depart Phoenix at 11 a.m. and leave Dallas at 11:15 p.m., according to the new schedule.

Flights to Chicago will depart Phoenix daily at 1:50 a.m. and leave Chicago at 8:50 p.m. Flights to Denver will depart Phoenix at 1:15 p.m. and leave Denver at 4 p.m.

Flights to both Chicago, Dallas and Denver will run through April 30.

nies business model, financial model, how to generate revenue, how to raise capital, commercialization—the A to Z of what an entrepreneur needs," Klein Johnson said. "We surround them with mentors and bring in content experts from (the) community."

The incubator allowed Hart Shaffer, 38, of Phoenix, to network with like-minded entrepreneurs in a productive environment.

Shaffer, who founded TheraSpecs, the eyewear company that makes spectacles to alleviate migraines, said he designed the United Shades as a way to help his wife, who suffered from chronic migraines for years.

"What I was looking for was advice, mentorship and contacts to help me figure out how to build the company around the product," Shaffer said.

Shaffer had a background in physics and math, not business. But Seed Spot provided him with a network to call for advice, he said.

"It also provided a lot of the discipline to do some of the things that I knew I needed to do, like make sure I had a really good idea of what my financials were. ... I finally got all my accounting set up," he said.

Fellow entrepreneur Francisco Cervera, 34, participated in the program with his brother Luis. The two San Diego natives run eMoney Pool.com, a microfinance provider that helps individuals access capital through "money pools."

"Our vision is to turn it into a mass marketplace where we help underserved individuals get the capital they need," Cervera said.

The concept of money pools stemmed from a cultural practice, he said.

"Imagine you want something but you have no credit so you can't get a loan. ... People around the world do money pools and help get money for each other in a creative way," he said.

Seed Spot helped them learn more about how to run the business.

"My brother and I went to school for the sciences; we never went to get our business degree," Cervera said. "We were lacking the

## SEED SPOT 2012 RESULTS (YEAR ONE):

### BY THE NUMBERS

- 56 community partners.
- 65 mentors and industry experts.
- Three full-time staff members, two part-time staff members.
- \$250,000 budget.
- 191 applicants, 56 ventures entered program.
- 20 legal entities formed, 17 full-time jobs created and 24 part-time jobs created.
- \$185,000 raised by ventures.
- \$1.05 million generated by ventures.
- Connected more than 500 community members through Venture Fridays, Startup Coffees and Free Lunch Fridays.
- 606 attendees at the Seed Spot kickoff.
- 660 attendees at Demo Day.
- 43,329 unique website visitors.

Source: Seed Spot

knowledge we needed to get from point A to point B. ... When we heard about Seed Spot we thought it was perfect, like a mini MBA program that will get us to where we need to go."

Cervera said going through the program gave the brothers credibility with investors and provided them with tools they needed to grow their business.

"It helped us get more traction, (and we) ultimately got more funding after we graduated the program," he said.

The success of Seed Spot has garnered attention from outside Arizona as well.

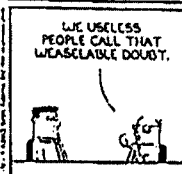
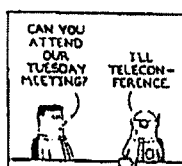
"We have been looked at for a model for expansion in other cities," Klein Johnson said.

Fifteen cities expressed interest, she said.

This year, Seed Spot will accept 20 companies into the full-time program and 50 companies into the evening program.

Apply by filling out forms on the incubator's website, seedspot.org.

## DILBERT



## 8% Current + 8% Bonus Return

**USA Barcelona**

**WHO:** Advisor to a Private Non-Traded REIT

**WHAT:** Returns from Performing Apartments & Hotels

**WHERE:** Scottsdale Based; National Investment Strategy

**WHEN:** Offering Available through August 31, 2013

- 8.0% annual interest, payable quarterly.
- 8.0% additional accrued interest payable at maturity.
- Principal and accrued interest due and payable on 12-31-2014 ("maturity").

\$500,000 of Bonus A Notes  
\$50,000 Minimum Investment

Offered and Sold to Arizona Residents / Accredited Investors Only

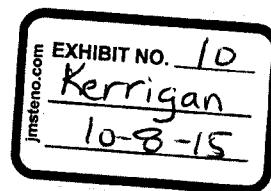
Contact Conrado Cook at (480) 625-4345  
7025 N. Scottsdale Road, Suite 160, Scottsdale, AZ 85253  
Visit us at [www.USABarcelonaRealEstateAdvisors.com](http://www.USABarcelonaRealEstateAdvisors.com)

INVESTMENT OFFER IS SUBJECT TO THE TERMS AND CONDITIONS OF THE OFFERING CIRCULAR WHICH MAY BE OBTAINED BY REQUESTING A COPY OF THE OFFERING CIRCULAR FROM THE OFFERING AGENT. THE OFFERING CIRCULAR IS AVAILABLE AT [www.USABarcelonaRealEstateAdvisors.com](http://www.USABarcelonaRealEstateAdvisors.com) AND AT THE OFFICE OF THE OFFERING AGENT. THE OFFERING CIRCULAR IS AVAILABLE AT THE OFFICE OF THE OFFERING AGENT. THE OFFERING CIRCULAR IS AVAILABLE AT THE OFFICE OF THE OFFERING AGENT.

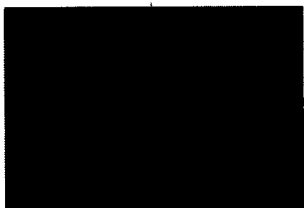
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FILE #8503



USA Barcelona  
REALTY ADVISORS



December 31, 2013



On behalf of our company, I want to thank you for becoming an investor in USA Barcelona Realty Advisors, LLC. The year 2013 has been a very good year for us as we have accomplished our major objectives, including building our core team of employees and advisors, structuring the entity relationships, evaluating potential locations and properties, plus preparing to raise capital needed for developing and acquiring hotel assets. We are positioned to execute on several new development projects in Q1'14 and acquire several performing properties by mid-year 2014.

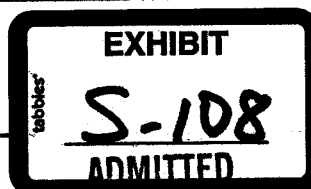
One area where we had been on target up until early November was in raising enough working capital to meet our budgeted spending. As you know, we have the need to continue funding our working capital requirements until our investments in hotel assets begin to generate fee income necessary to meet our ongoing cash flow needs in USABRA. This process of continuing to raise working capital ahead of our budgeted requirements began to slow in November, when we met with several investors delaying the funding of previous commitments; this was unexpected and has created a cash pinch for us at year-end.

While we are told these delays are merely that and that we should expect this funding in early January, we are uneasy about the exact timing. We continue to solicit other investors to complete the 12/6/12 \$1MM offering, such that we will bring investors in on a first come, first served basis to take out the remaining \$380,000 in that offering.

Meanwhile, we have released two new offerings to fund on-going working capital requirements. The first is a \$1MM offering featuring 10% annual interest for 2 years, with a 5% premium paid 12/31/2014 and a 10% premium paid 12/31/2015. The second is a preferred unit offering, which, in addition to preferred dividend distributions, includes incentivized conversion rights to our "Common" equity and warrants to acquire additional "Common" equity. This is a \$4MM offering, of which the proceeds will be used as capital to initiate new development projects and additional working capital.

**ACC005493**  
FILE #8503

7025 N. Scottsdale Road, Suite 160  
Scottsdale, AZ 85253



480-625-4355 Office  
480-625-4347 Fax

Our first offering to fund approximately six (6) hotel development projects will be released late in Q1'14. This fund will be raised in two phases. Phase 1 will fund pre-development, which includes all spending necessary to begin construction; Phase 2 will take out the Phase 1 investors, complete construction and hold the asset until it is liquidated.

Finally, regretfully we must inform you that, because of the short-term issue of having raised insufficient working capital, the interest payments due to you as of December 31, 2013 may be delayed into mid-January. Rest assured these interest payments will be made as soon as the funds are available to do so. We sincerely apologize for this delay in payment and hope you will not be inconvenienced by the delay.

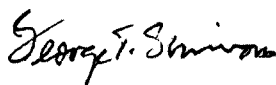
Sincerely,

Executive Members:

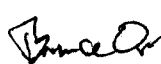
Richard Harkins



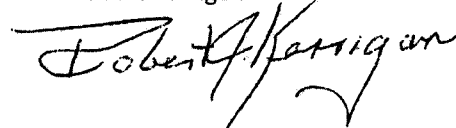
George T. Simmons



Bruce Orr

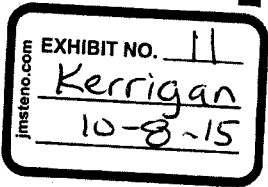


Robert Kerrigan



ACC005494

FILE #8503



April 21, 2015

To: USA Barcelona Realty Advisors' Noteholders  
From: Richard Harkins, Manager, USA Barcelona Realty Advisors, LLC (the "Company")  
RE: Update

Today's communication will cover the following topics:

1. The six month debt service deferment period
2. Why the Company went into recess / what's next
3. Next Step business plan
4. State Of Arizona Inquiry

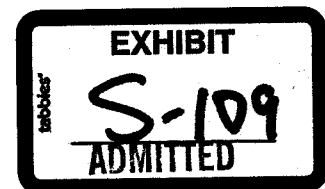
1. **The six month debt service deferment period** - Last September 15<sup>th</sup>, I mailed a letter asking for your consent to a 6 month deferment from any interest or principal payments due under any Advisors notes outstanding. All noteholders granted my request. I apologize for taking a little bit longer to figure things out but now I'm close.
2. **Why the Company went into recess / what's next** - We simply exhausted our access to the highest risk level of capital, "working capital". As you know, going back to the time most of you made your loans to the Company, the general business plan called for acquiring stabilized hotels and apartments. The execution of that plan depended on a successful raise of the \$50,000,000 offering that was effective in early 2013. The person who had committed to handle that raise, despite continuing assurances that he was getting the job done, was a non-performer. We came to a conclusive realization in the 3<sup>rd</sup> quarter of 2013 that the plan for the \$50MM raise was done.

In September 2013, with the \$50MM offering shelved, we took inventory of our work produce and evaluated what it was we could use in a Plan B mode. What we had to work with was some interest in our Company from some real estate investment companies and knowledge of a number of solid new hotel development opportunities. We put those two pieces together to create a hotel land fund, which we called USA Barcelona Hotel Land Company I, LLC ("HLC I").

To get to the point of raising capital for HLC I, we had to identify solid land opportunities and at minimums reach agreement with each respective land owner as to the value of their land. In this regard we successfully aligned seven hotel sites with the pricing/valuation model for HLC I. The "however" was, we needed to continue to raise working capital sufficient to cover Advisors' overhead and the early due diligence and contact costs of the seven properties. This was a struggle through the period 2013-Q4 to 2014-Q3 as we strained to meet the business needs of the Company and HLC I. In September 2014, with essentially no capital in hand and new funding commitments unmet, the Executive Members determined we had to cease active operations, which we did.

As for USA Barcelona Realty Advisors, LLC, which it is encumbered by an office lease default and resulting judgment, several creditor defaults and \$1.7MM in notes, from a practical viewpoint, we have no basis on which to restart. Accordingly, I plan to file a final 2015 tax return for Advisors.

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3. **Next Step business plan** – To continue, I am willing and desirous of crafting a business plan that accomplishes the following:

- Rewards new investment capital (which is the prime ingredient of a restart),
- Provides working capital at reasonable and appropriate levels,
- Exchanges Advisor's outstanding note(s) for interest in a new enterprise; and,
- Represents an achievable and sustainable business undertaking.

I have identified what I believe to be a business opportunity that can successfully achieve the above four requirements. The opportunity will be pursued by a new Company, which I will refer to as "NewCo". NewCo has not yet been formed but is coming to life, step by step.

NewCo will be a limited liability Company (possibly a limited partnership) and will have two classes on member units that invest capital (Class A and Class B) and one class that represents the carried interest of the manager (Class C). As currently contemplated, NewCo will operate more like a Fund than a real estate company. In fact, it may be a diversified fund that acquires interest in other funds and in both real estate companies and single purpose entities. The objective is to achieve diversification across a spectrum of investment opportunities. Investment decisions will be recommended by an investment committee and approved by an executive committee.

NewCo will have an equity structure comprised of three classes of ownership, or **Units**.

**Class A Units** – Investment capital – comprised of an initial tranche of up to \$10,000,000 with follow-on tranches to a maximum of \$50,000,000 incorporated in the plan. It is likely that newly revised Regulation A will be the offering format for the Class A Units. More on that later.

**Class B Units** – Startup operating capital – To raise this capital, I will first offer it to Advisor's noteholders. Of the \$500,000 (as currently planned) of Class B Units, what is not funded by Advisor noteholders on a pro rata basis, it will then be offered, first to those Advisor noteholders who do acquire Class B Units and are desirous of taking an additional amount, and second, any remaining Class B Units will be offered to other qualified persons.

Capital raise plan for the Class B Units - As currently planned, \$500,000 is needed to operate NewCo to the point it has sufficient asset management fees to cover its Manager overhead.

Each of Advisor's noteholders will be offered the opportunity to put into NewCo (cash investment) 10% of the principal amount of their Advisor loan(s) for which they will receive Class B Units. This allocated \$170,000 to noteholders and the remainder \$330,000 will be offered to others.

Deferred Payments on Class B Subscriptions - Each Class B Unit subscription will call for 3 equal payments made 1/3 at subscription, 1/3 within 90 days of the subscription date and 1/3 within 180 days of the subscription date. The two deferred payments are subscriber commitments and are not optional payments.

By way of an example, consider:

- Say you currently have a \$100,000 issued by Advisor and you put up 10% of that amount (\$10,000) in the Class B Units of NewCo. Your capital account in Class B Units in NewCo will be \$10,000.

**ACC005500**  
FILE #8503

- o The Class B position in NewCo will accrue a simple annual rate of 8.0% and be entitled to up to 5% (based on \$500,000 of Class B Units being acquired or a pro rata lesser amount) of the profits of NewCo after all Class A Units and Class B Units receive a return of their initial capital and cumulative preferred returns.

**Class C Units** – Participating Advisor noteholders (those Advisor noteholders who acquire Class B Units) will also be granted Class C Units. As a class, the Class C Units will be entitled to 5% of Fund profits (based on the purchase of \$170,000 of Class B Units) or such lesser percentage as determined by the total dollar amount of Class B Units acquired by Advisor noteholders divided by \$170,000. Only Advisor's noteholders who acquire Class B Units will be granted Class C Units.

4. **State Of Arizona inquiry** – A complaint has been filed with the Arizona Corporate Commission, Securities Division (the "State") regarding USA Barcelona Hotel Land Company I and/or USA Barcelona Realty Advisors. I became aware of this in February when I received a subpoena directed to the Custodian Of Records for these two entities. The subpoena called for specified information that was then "under the Custodian's control" to be provided to the State. As the remaining member of the Company, and the ad hoc Custodian, I answered the State's inquiry. My answer was delivered to the State on March 30<sup>th</sup>. I did so at my personal expense. The respondents (HLC I and Advisors) are not represented by counsel as there are no Company funds with which to retain counsel. That may or may not turn out to impose a burden on the situation.

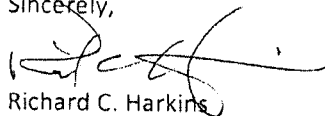
As to what to expect from this State inquiry: once the State reviews the information I provided, there will likely be one or more resultant hearings at which I will appear. What the State is not required to reveal is (i) what is the complaint, and, (ii) who made it? I will keep you posted on this. In the meanwhile, in that you are an Advisor noteholder and that is revealed in answer to one of the State's questions, you may expect to receive some form of inquiry from the State.

I am happy to discuss with you any of the matters contained herein. Feel free to contact me by phone or email. I am readily available most days from 8:00 to 5:00, Monday through Thursday, Friday's till 3:00PM and Saturday, well, that's "pot-luck", but feel free to give it a try if that best fits your schedule. For those who are clients of Bob Kerrigan, I encourage you to contact him prior to contacting me. Bob and I have reviewed this letter and the specific Plan laid out herein to which he has stated his general endorsement.

Within the next 30 days, I intend to present the Plan in its entirety to you. I will give you the right of first opportunity to acquire Class B Units. Doing so will give you Class C Units which are designed to be a step toward recovery of you note(s) investment in Advisor.

As for the opaque glass seen on each page, it's either half-full ("b") or half-empty ("a"). To me, "b" represents the plan and the opportunity and "a" represents people and capital. Accordingly, I see it as currently half full. Execution of a good plan fills it. I am pushing forward and I encourage you to join with me. There is no recovery or gain to be had from inaction.

Sincerely,



Richard C. Harkins

Email dharkins@usabarcelonara.com Cell 602-694-3589

ACC005501  
FILE #8503

Exit H



USA Barcelona  
Realty Advisors

## CONFIDENTIAL PRIVATE PLACEMENT OFFERING MEMORANDUM

USA Barcelona Realty Advisors

**\$1,000,000**

Four (4) Investment Units  
\$250,000 per Investment Unit  
Minimum Purchase One (1) Investment Unit (\$250,000)

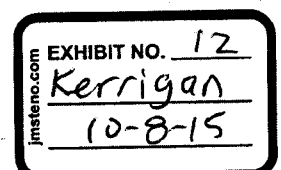
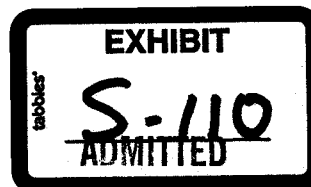
One Investment Unit includes one Series A 12-6-12 Note and One Class B Member Unit

OFFERED ONLY TO:  
ACCREDITED INVESTORS

October 18, 2012  
1<sup>st</sup> Amendment - February 1, 2013  
2<sup>nd</sup> Amendment - April 29, 2013

This is copy no. \_\_\_\_\_ of the PPM

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FILE #8503



ACC000725  
FILE #8503

# USA Barcelona Realty Advisors

an Arizona limited liability company

## CONFIDENTIAL PRIVATE PLACEMENT OFFERING MEMORANDUM

\$1,000,000 MAXIMUM OFFERING; NO MINIMUM OFFERING

FOUR (4) INVESTMENT UNITS AT \$250,000 PER INVESTMENT UNIT

An Investment Unit is comprised of one Series A 12-6-12 Note and one Class B Unit

This Offering is being made to provide USA Barcelona Realty Advisors, LLC. ("USA BRA", "Company", "us", "we") with working capital to fund the organization stage expenses of USA Barcelona Realty, Inc. ("USA BR") for which we are its advisor ("Advisor") and working capital requirements of the Company. We are organized as an Arizona limited liability company and intend to operate as an advisor ("Advisor") for our Affiliate Property funds ("Funds") each of which will be structured as either a limited liability company or a corporation. Any Fund structured as a corporation will elect to operate as a real estate investment trust ("REIT").

The Company is offering and selling, to accredited investors only, up to 4 Investment Units at \$250,000 per Investment Unit. Each Investment Unit is comprised of one Series A 12-6-12 Note and one Class B Unit. There is no Minimum Offering for the Investment Units, and we will have immediate use of all Offering Proceeds. Purchasers must purchase a minimum of one Investment Unit at \$250,000 per Investment Unit, except that we may permit investments of a lesser amount in our discretion. The Class B Units have limited voting rights. As a class, the four Class B Units have a ten percent (10%) interest in Company profit, loss, items of income, gain, credit or expenses (as defined hereafter). Each Class B Unit has a two and one half percent (2.5%) interest in Company profit, loss, items of income, gain, credit or expenses.

The Class A Units are held by our Executive Members, Affiliates, Advisors to the Company and other designees as described herein. As a class, the Class A Units have a ninety percent (90%) interest in Company profit, loss, items of income, gain, credit or expenses. Holders of Class A Units and Class B Units are collectively referred to herein as unit-holders ("Unit-holders"). Unit-holders share in Company profit, loss, items of income, gain, credit or expenses on a pro rata basis based on each Unit-holders respective percentage ownership interest in the Company. The Series A 12-6-12 Note will not be separately tradable from the Class B Unit that together comprises each Investment Unit. For interest computational purposes, the allocation of value of an Investment Unit is \$250,000 to the Series A 12-6-12 Note and no value allocated to the Class B Unit.

The Investment Units are being offered by the President and Executive Members of the Company on a "best efforts" basis, who will receive no compensation related to their sale activities. Other persons who assist in sales, including registered investment advisors, licensed securities dealers and others subject to applicable State Of Arizona securities laws, may receive fees or commissions. Our Affiliates may purchase Investment Units. We expect to terminate the Offering when all of the Investment Units offered by this Memorandum have been sold or 120 days from the date of this Memorandum (whichever occurs sooner), unless extended by us for up to an additional 180 days ("Offering Period"), in order to achieve the maximum Offering of 4 Investment Units or such lesser amount as we may elect.

	Price to Investor	Commissions & Expenses	Proceeds to Company
Per Investment Unit <sup>(1,2)</sup>	\$250,000	\$12,500	\$237,500
Total Offering <sup>(1)</sup>	\$1,000,000	\$50,000	\$950,000

<sup>(1)</sup> See "Planned Use Of Proceeds" on following page.

INVESTMENT IN THE INVESTMENT UNITS IS SPECULATIVE, INVOLVES A HIGH DEGREE OF RISK, AND IS SUITABLE ONLY FOR PERSONS OF SUBSTANTIAL RESOURCES WHO MEET ACCREDITED INVESTOR QUALIFICATIONS, INVEST FOR THEIR OWN ACCOUNT, HAVE NO NEED FOR LIQUIDITY IN THESE INVESTMENTS, AND CAN BEAR THE ECONOMIC RISK OF A COMPLETE LOSS OF THEIR INVESTMENT. SEE "RISK FACTORS." THE OPERATIONS OF THE COMPANY INVOLVE TRANSACTIONS BETWEEN THE COMPANY AND ITS AFFILIATES WHICH MAY INVOLVE CONFLICTS OF INTEREST. SEE "FEES TO AFFILIATES".

- ACCREDITED INVESTORS ONLY -

THE OFFERING EFFECTIVE DATE OF THE CONFIDENTIAL PRIVATE PLACEMENT OFFERING MEMORANDUM IS  
OCTOBER 18, 2012 (1<sup>st</sup> Amended February 1, 2013, 2<sup>nd</sup> Amended April 29, 2013)

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(Continued from cover page)

Planned Use of Proceeds

Planned Use Of Proceeds <sup>4</sup>	Percentage of Offering Proceeds	Maximum <sup>4</sup>
		\$ 1,000,000
Offering Commissions & Expenses, Custodian Fee Payments <sup>1,5</sup>	5.0%	\$ 50,000
Legal Expenses <sup>2,5</sup>	3.0%	30,000
Capital Contribution and Loans to USA BR <sup>3,5</sup>	50.0%	500,000
Working Capital <sup>3,6</sup>	42.0%	420,000
Total Planned Uses Of Class B Units Offering Proceeds	100.0%	\$ 1,000,000

- (1) Fees and commissions of up to 4% may be paid by the Company and up to an additional 1% in Offering expenses may be paid by the Company on Investment Units sold in this Offering where sales are made through broker-dealers that are members of the Financial Industry Regulatory Authority ("FINRA"), registered investment advisors and others, subject to applicable state securities laws of the State of Arizona. The Company's estimation of its allocation of the net Proceeds of this Offering is based upon projections regarding the Company's proposed business operations, its plans and current economic and industry conditions, and is subject to a reapportionment of Proceeds. The maximum Offering commissions and expenses are assumed and included in the table. Additionally, regarding purchases of Investment Units by IRA's, the Company will pay a one-time fee to the associated IRA Custodian of up to \$500, which payment will be deducted from any commission and expenses otherwise due on the sale of the associated Investment Unit(s). Offering commissions and expenses on Investment Units sales and IRA Custodian payments will be paid from Offering Proceeds based on sales of Investment Units accepted by the Company during the Offering period and any unused funds apportioned to this category will be reapportioned to Company working capital ("Working Capital").
- (2) Legal expenses associated with the Offering are estimated to be \$30,000 and will be paid from Offering Proceeds.
- (3) Working Capital will be established from Offering Proceeds to address contingencies and operating requirements of the Company including loans made to USA Barcelona Realty Advisors ("USA BRA") for its organization period requirements and for the purchase, as applicable, of USA BR Class A Common stock.
- (4) There is no minimum Offering ("Minimum Offering") and the Company will have immediate use of Offering Proceeds. We expect to terminate the Offering when all of the Investment Units offered by this Offering have been sold or 120 days from the Amendment Date of this Offering (whichever occurs sooner), unless extended by us for up to an additional 180 days, at the sole discretion of the Company.
- (5) Any unused funds apportioned to this category will be reapportioned to Working Capital.
- (6) Executive Members of the Company and Affiliates may receive a payment ("Organization Period Reimbursement Payments") in the aggregate amount of \$50,000 payable from Offering Proceeds.

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FILE #8503

2<sup>nd</sup> Amendment to the Offering – significant changes in the Memorandum

1. As of April 29, 2013, one Class B Unit has been sold and one Class B Unit is reserved leaving two Class B Units available for purchase.
2. Page 10 – Chart of Forecast of Cost and Benefits of One Investment Unit (\$250,000) – Annual 12% Interest paid Quarterly, for year 2013 – Q1, changed to zero; Total payments for 2013 changed to reflect no payment in first quarter.
3. Page 13 - Chart amended to reflect updated ownership of Class A Member Units; Kerrigan increased from 100 Class A Units to 200 Class A Units and reserves changed from 1,000 Class A Units to 900 Class A Units.
4. Page 13 – Distributions to Members – item (2); added "(prorated in 2013 based on the date of entry of the investment)."
5. Page 26 and 27 – Tom Lattin removed as an advisor to the Company.
6. Pages 8, 47, 48, 50, and 57 - Company address now 7025 N. Scottsdale Rd., Suite 160, Scottsdale, AZ 85253, Phone 480-253-4355.
7. Pages 58-81 – Exhibit B – Operating Agreement; Amended And Restated Operating Agreement Of USA Barcelona Realty Advisors, LLC. Significant changes incorporated in the Operating Agreement:
  - a. Managing Member changed to President
  - b. Voting on Major Decisions – page 65, section 6.1 – generally, voting on major decisions requires a majority among the four executive members and in the event of a continuing tie the President casts the tie breaking fifth vote thereby giving the President, who is also an executive member, two votes, as needed.
  - c. Page 78 - List of Managers and Members added.
  - d. Schedule 1, page 79 – Percentage Ownership chart added.
  - e. Schedule 2, Form Of Joinder form added.
  - f. Schedule 3 – Form Of Spousal Consent form added.
8. Exhibit C – Statement Of Financial Position, page 90, financial information added

Certain Factors; Legends

THE INVESTMENT UNITS OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), UNDER THE ARIZONA SECURITIES ACT, OR UNDER ANY OTHER STATE SECURITIES ACT IN RELIANCE UPON EXEMPTIONS FOR TRANSACTIONS NOT INVOLVING A PUBLIC OFFERING.

THE INVESTMENT UNITS ARE SPECULATIVE SECURITIES THAT INVOLVE A HIGH DEGREE OF RISK. ONLY THOSE WHO CAN BEAR THE LOSS OF THEIR ENTIRE INVESTMENT SHOULD INVEST.

THE OFFERING OF THE INVESTMENT UNITS AND OPERATION OF THE COMPANY INVOLVE SEVERAL ACTUAL AND POTENTIAL CONFLICTS OF INTEREST. THE PRESIDENT, AND THE EXECUTIVE MEMBERS, HAVE TOTAL MANAGERIAL POWERS OVER THE COMPANY. CLASS A MEMBERS AND CLASS B MEMBERS WILL HAVE LIMITED RIGHTS TO VOTE ON OR APPROVE ANY DECISIONS OF THE PRESIDENT.

THE COMPANY WAS FORMED ON NOVEMBER 12, 2010 AND HAS A LIMITED OPERATING HISTORY.

THERE IS NO PUBLIC MARKET FOR THE INVESTMENT UNITS, NOR IS SUCH A MARKET EXPECTED TO DEVELOP. NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS MEMORANDUM AND OTHER DOCUMENTS PROVIDED BY THE PRESIDENT AND ANY INFORMATION NOT SET FORTH THEREIN MUST NOT BE RELIED UPON. THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION MAY NOT LEGALLY BE MADE. THE STATEMENTS IN THIS MEMORANDUM ARE MADE AS OF THE AMENDMENT DATE, AND NEITHER THE DELIVERY OF THIS MEMORANDUM NOR ANY SALE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION SET FORTH HEREIN SINCE THE DATE OF THIS MEMORANDUM.

ANY REPRODUCTION OF THIS MEMORANDUM IN WHOLE OR IN PART, ITS DISTRIBUTION TO ANY PERSON OTHER THAN A PROSPECTIVE PURCHASER, OR THE DIVULGENCE OF ANY OF ITS CONTENTS OTHER THAN TO SUCH PERSON'S ADVISOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE PRESIDENT, IS UNAUTHORIZED AND PROHIBITED.

EACH PROSPECTIVE PURCHASER AND HIS ADVISORS, IF ANY, ARE ENCOURAGED TO AVAIL THEMSELVES OF THE OPPORTUNITY TO ASK QUESTIONS OF, AND RECEIVE ANSWERS FROM, THE PRESIDENT AND EXECUTIVE MEMBERS CONCERNING THE TERMS AND CONDITIONS OF THIS MEMORANDUM AND TO OBTAIN ADDITIONAL INFORMATION, TO THE EXTENT POSSESSED OR OBTAINABLE WITHOUT UNREASONABLE EFFORT OR EXPENSE, NECESSARY TO VERIFY THE ACCURACY OF THE INFORMATION IN THIS MEMORANDUM.

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## SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

MANY OF THE STATEMENTS CONTAINED IN THIS MEMORANDUM DISCUSS FUTURE EXPECTATIONS, CONTAIN PROJECTIONS OF RESULTS OF OPERATION OR FINANCIAL CONDITION, OR STATE OTHER "FORWARD-LOOKING" INFORMATION. ALL STATEMENTS OF FORWARD-LOOKING INFORMATION ARE SUBJECT TO KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS, CERTAIN OF WHICH ARE BEYOND OUR CONTROL THAT COULD CAUSE THE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE CONTEMPLATED BY THE STATEMENTS. THE FORWARD-LOOKING INFORMATION IS BASED ON VARIOUS FACTORS AND WAS DERIVED USING NUMEROUS ASSUMPTIONS. IN LIGHT OF THE RISKS, ASSUMPTIONS, AND UNCERTAINTIES INVOLVED, THERE CAN BE NO ASSURANCE THAT THE FORWARD-LOOKING INFORMATION CONTAINED IN THIS MEMORANDUM WILL IN FACT TRANSPIRE OR PROVE TO BE ACCURATE.

Important factors that may cause the forecasted results to differ include, for example:

- Our ability to raise capital sufficient for us to conduct business according to our plans.
- Our ability to, on behalf of our Affiliates, acquire, invest in and make loans to apartments and hotels and other income-producing property ("Property" and "Properties") on a favorable basis, and to obtain a satisfactory income stream from those apartments, hotels and other properties.
- Our ability to maintain sufficient liquidity and our access to capital markets.
- The effect of changing economic conditions, including the current U.S. recession which may be prolonged.
- Operating risks associated with the Property business, including potential terrorist attacks, which would affect occupancy and rates at our Properties and the demand for Properties products and services.
- Our relationships with property managers and franchisors.
- Our ability to cause our Affiliated Funds' Properties to be maintained in a first-class manner, including meeting capital expenditure requirements; our ability to cause our Affiliate's Properties to compete effectively in areas such as access, location, quality of accommodations and room rate structures.
- We have included a Forecast incorporating the Initial Company Budget. Our Forecast is based on a number of assumptions. Our assumptions may be wrong.
- Changes in the law and other risks which are described under "Risk Factors".

We do not promise to update forward-looking information to reflect actual results or changes in assumptions, to release publicly any revisions to any forward-looking statements, to report events or circumstances after the date of the Memorandum or to report the occurrence of unanticipated events, or other factors that could affect those statements.

Statements preceded by, followed by or that otherwise include the words, "believes," "expects," "anticipates," "intends," "estimates," "plans," "may," and similar expressions of future or conditional verbs such as "will," "should," "would," and "could" are generally forward-looking in nature and not historical. The factors discussed under "Risk Factors," in addition to those discussed elsewhere in this Memorandum, could affect the future results of the Company and could cause results to differ materially from those expressed in the forward-looking statements.

For any forward-looking statements contained in the Memorandum, the Company claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

### Reference to Industry Trademarks and Trade Names

"Marriott," "Courtyard by Marriott," "SpringHill Suites," "Fairfield Inn," "TownePlace Suites" and "Residence Inn" are each a registered trademark of Marriott International, Inc. or one of its Affiliates. All references below to "Marriott" means Marriott International, Inc. and all of its Affiliates and subsidiaries, and their respective officers, Directors, agents, employees, accountants and attorneys. Marriott is not responsible for the content of this Memorandum, whether relating to hotel information, operating information, financial information, Marriott's relationship with USA Barcelona Realty Advisors, LLC, or otherwise. Marriott is not involved in any way, whether as an "issuer" or "underwriter" or otherwise, in the Offering by USA Barcelona Realty Advisors, LLC and receives no Proceeds from the Offering. Marriott has not expressed any approval or disapproval regarding this Memorandum or the Offering related to this Memorandum, and the grant by Marriott of any franchise or other rights to USA Barcelona Realty Advisors, LLC shall not be construed as any expression of approval or disapproval. Marriott has not assumed, and shall not have, any liability in connection with this Memorandum or the Offering related to this Memorandum.

"Hilton," "Hampton Inn," "Hilton Garden Inn" and "Homewood Suites" are each a registered trademark of Hilton Hotels Corporation or one of its Affiliates. All references below to "Hilton" mean Hilton Hotels Corporation and all of its Affiliates and subsidiaries, and their respective officers, Directors, agents, employees, accountants and attorneys. Hilton is not responsible for the content of this Memorandum, whether relating to hotel information, operating information, financial information, Hilton's relationship with USA Barcelona Realty Advisors, LLC, or otherwise. Hilton is not involved in any way, whether as an "issuer" or "underwriter" or otherwise, in the Offering by USA Barcelona Realty Advisors, LLC and receives no Proceeds from the Offering. Hilton has not expressed any approval or disapproval regarding this Memorandum or the Offering related to this Memorandum and the grant by Hilton of any franchise or other rights to USA Barcelona Realty Advisors, LLC shall not be construed as any expression of approval or disapproval. Hilton has not assumed, and shall not have, any liability in connection with this Memorandum or the Offering related to this Memorandum.

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**USA BARCELONA REALTY ADVISORS, LLC**  
**CONFIDENTIAL PRIVATE PLACEMENT OFFERING MEMORANDUM**

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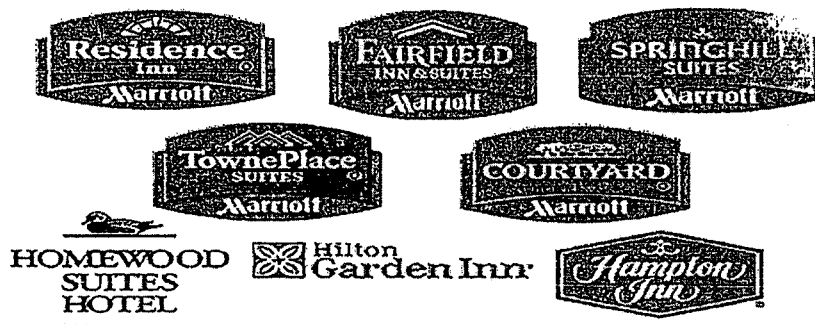
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## THE OFFERING

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The Offering pertains to a \$1,000,000 Offering comprised of four (4) Investment Units at \$250,000 per Investment Unit. Each Investment Unit is comprised of One Series A 12-6-12 Note and one Class B Unit.

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## The Company

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### Company Formation

The Company was formed on November 12, 2010 as an Arizona limited liability company. The Company is a Manager managed limited liability company. The Company's registered office is located at 7025 N. Scottsdale Road, Suite 160, Scottsdale, Arizona 85253. Its telephone number is 480-625-4355.

### Company Business Purpose

- The Company has been formed to be the Advisor to a series of private funds ("Fund(s)") and their affiliates ("Affiliates"), each designed to obtain equity capital through securities offerings ("Securities Offering(s)") which may be either exempt or registered, the proceeds of which will be used to acquire on a leveraged or unleveraged basis apartments, hotels and other qualified real estate ("Property" and "Properties").
- Hotels acquired by the Funds shall be predominately Marriott and Hilton select/focus service, franchised licensed hotels located in the US and Canada.
- Apartment communities of a location rating of B+ or better ("Apartment Location Rating") will be acquired from high quality apartment developers who typically will be retained as our manager under our strategic alliance manager ("SAM") program.
- The Funds may be in the legal form of limited liability companies or corporations, depending on the intent to operate a particular Fund as a REIT (in which case the structure will be a C corporation) or a LLC when REIT status is not required for the Fund.
- On behalf of the Funds, the Company will not invest in apartments, hotels or other types of properties requiring substantial unfunded capital expenditures.
- The Company will invest in hotels with franchises from recognized hotel brands including primarily Marriott International, Inc., and Hilton Hotels Corporation. Only approved operators of the applicable hotel franchised brands will operate Fund hotels under hotel lease contracts or management contracts. Third-party management companies will manage Fund apartments under management agreements.
- The Company investment and operating platform for the Funds focuses on capital preservation, cash flow for payment of Dividends, Dividend growth and capital appreciation.

## Business Plan Preparation and Introduction of USA Barcelona Realty Stock Offering

- Several of our Company managers and advisors have operated together commencing in mid-2009 with the primary focus on engaging with long-standing personal relationships in the hotel and apartment industries to assemble a group of highly accomplished development/management companies that share a common vision as to the alignment of an investment company with the interests of property companies.
- From this extensive undertaking came our unique SAM program.
- The SAM program's primary objective is to align the acquisition and management objectives of USA BR with the interests of the SAM's. For the SAMs, these common interests include (i) selling stabilized apartments and Marriott and Hilton hotels to us at current market values, (ii) continue the management of those properties for us, and, (iii) benefiting from the properties performance through operating incentives and sharing in certain value increases when we liquidate the assets. *(SAMs' share in gains that exceed our targeted IRR for properties they originally sold to a Fund).*
- We narrowed our review of dozens of high quality apartments and hotels we reviewed to a group of less than fifteen. For each of this group, we have completed financial reviews and in most cases on-site property due diligence analysis. In addition, with each owner we have established mutually acceptable terms and conditions of purchase and property management *(as a REIT, USA BR cannot manage its hotels).*
- This is a large undertaking. Our investment through this period exceeds \$1,500,000 in direct payments and contributed managers' and advisors' uncompensated time. *(Our compensation for this substantial cost is mostly in common stock rights in USA BR and some scheduled reimbursements).*
- We're now fully engaged in getting the USA BR Private Placement \$70,000,000 stock offering completed and placed on the Fidelity Investments platform. *(The USA BR offering will be sold through a group of independent registered investment advisors with the marketing of the offering headed up by Allen Weintraub).*
- In concert with our leverage plans for the properties, we will commence finalizing purchase agreements for the selected property portfolio with closings scheduled as the USA BR offering is sold throughout 2013 and 2014.
- We are offering investors the opportunity to join with us at a point in time where we have put together the pieces of the plan and are ready to execute it. The risks are fully measurable. Each of these key questions are soundly addressed herein.
  - ✓ Do we have the right management team?
  - ✓ Do we have the right management team?
  - ✓ Do we have a solid property plan?
  - ✓ Have we appropriately planned for USA BR's capital requirements?
  - ✓ Are the apartment and hotel sectors sound real estate investment sectors?
  - ✓ Are we acquiring properties in sound markets?

## Company Ownership and Control

The Company is owned ninety percent (90%) by its Class A Members and ten percent (10%) by its Class B Members. We will have four executive members ("Executive Members") who approve major decisions ("Major Decisions") and instruct our President as to the action to take regarding Major Decisions. Otherwise, our President manages the Company on a day to day basis. Richard Harkins, one of our Executive Members, is the Company President ("President"). Additionally there are outside advisors ("Advisors") to the Company, the number of which and the individuals may change from time to time. We have organized in this manner in anticipation of USA Barcelona Realty, Inc. ("USA BR") being the first in a series of Funds, with each Fund in the series being advised by us as the Advisor to the Fund. We believe that this structure will allow us to develop one management organization and operating support facility for multiple Funds, which should result in cost savings for the Funds and enhance our profitability.

## Units Offered Under the Offering

Up to four (4) Investment Units are offered at \$250,000 per Investment Unit. An Investment Unit is comprised of one Series A 12-6-12 Note and one Class B Unit.

### Chart of Forecast of Cost and Benefits of One Investment Unit (\$250,000)

Benefits to One Investment Unit Based On Investment Made on May 1, 2013		2013			
		Q-1	Q-2	Q-3	Q-4
Investment Amount	\$ 250,000				
Annual 12% Interest, paid Quarterly	1	\$ 5,000	\$ 7,500	\$ 7,500	
December 31, 2013 - 6% bonus interest	2				10,000
Priority Class B Member Distribution	5				8,333
Total Payments for 2013	\$ 38,333	\$ -	\$ 5,000	\$ 7,500	\$ 25,833
		2014			
		Q-1	Q-2	Q-3	Q-4
Annual 12% Interest, paid Quarterly	1	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500
December 31, 2014 - 12% bonus interest	3				30,000
Priority Class B Member Distribution	5				12,500
Return On Principal	4				250,000
Total Payments for 2014	\$ 322,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 300,000

<sup>1</sup> This is the Base Interest feature of the Note and is an 12% Annual Rate Of Return paid quarterly commencing 6-30-2013. The second quarter payment is based on two thirds of a quarter.

<sup>2</sup> This is the Year 1 Bonus Interest feature of the Note and is a one-time payment in the amount of 6% of the Note amount and is due 12-31-2013. This payment is based on an investment period of 8 months.

<sup>3</sup> This is the Year 2 Bonus Interest feature of the Note and is a one-time payment in the amount of 12% of the Note amount and is due 12-31-2014.

<sup>4</sup> Original Principal Investment amount of \$250,000 is due on the Series A 12-6-12 Note Term of 12/31/2014.

<sup>5</sup> Each Class B Unit is entitled to receive an annual Cumulative Priority Distribution, as determined by the Company, of \$8,333 in 2013 and \$12,500 in 2014 and each year thereafter. Any Cumulative Priority Distributions and current Priority Distributions must be fully paid before any other Distributions can be made to any Member Class Based on the Forecast for USA Barcelona Realty, additional Distributions to the Class B Units are forecast to occur annually commencing in 2015 and are not shown in the chart. Also not shown in this chart is our forecast of liquidation distributions to the Class B Units which exceed the initial Investment Unit cost.

### Series A 12-6-12 Notes

Each Series A 12-6-12 Note, all of which will be issued in conjunction with the Investment Units under the Offering, will be identical, as to interest rate, conditions of payment of interest and principal and term date to all other Investment Units issued under the Offering; however, the date of issuance of each Note may be unique. Each Investment Unit is comprised of one Series A 12-6-12 Note and one Class B Unit. The Series A 12-6-12 Notes will earn interest, as follows:

- Interest will be paid quarterly and shall be based on a 12% annual rate; however, the initial interest payment shall be due and payable on 3-31-2013 with interest due and payable quarterly thereafter through the term date of the Note.
- A Year 1 Bonus Interest payment in the amount of 6% of the Note amount shall be paid on 12-31-2013;
- A Year 2 Bonus Interest payment in an amount equal to 12% of the Note amount shall be payable on 12-31-2014.

The principal amount of the Series A 12-6-12 Notes shall be due and payable on 12-31-2014 ("Series A 12-6-12 Note Term Date"); however, the principal amount may be paid at any time prior to the Series A 12-6-12 Note Term Date, either in whole or in part, without penalty, at which time all interest due to the date of said principal payment, shall be due and payable. Any principal reduction payments made on the Series A 12-6-12 Notes must be made on a pro rata basis to all holders of Series A 12-6-12 Notes.

## Class B Units

As a class, the four Class B Units have a ten percent (10%) interest in Company profits, losses, gains and distributions (as defined hereafter). Each Class B Unit has a two and one half percent (2.50%) interest in Company profit, loss, items of income, gain, credit or expenses.

## Voting

Class A Members and Class B Members voting rights are limited to the following:

(i) The Class A Members shall each be entitled to cast one vote on any proposed action by the Company that if implemented would materially diminish Class A Members interest in Company profit, loss, items of income, gain, credit or expenses. A vote of the majority-in-interest of the Class A Members is required for approval of any such proposed action.

(ii) The Class B Members shall each be entitled to cast one vote on any proposed action by the Company that if implemented would materially diminish Class B Members interest in Company profit, loss, items of income, gain, credit or expenses. A vote of the majority-in-interest of the Class B Members is required for approval of any such proposed action.

(iii) Executive Members holding Class A Units or Class B Units are not entitled to vote on any proposed action under paragraphs (i) or (ii) above.

As a result of the limited voting rights of Class A Members and Class B Members, and other than those matters on which the Class A Members and Class B Members have the right to vote, the Executive Members have control of the Company through their exclusive right to approve all Major Decisions. (see Exhibit B - Operating Agreement, Section V)

## Organization of the Company

The Company is authorized by the Operating Agreement to initially have two classes of Member Interests as follows: (a) up to 2,000 Class A Member Units, and (b) up to 4 Class B Member Units. Additional Member Interest and Classes of Member Interest may be authorized by majority vote of the Executive Members and as otherwise subject to the voting rights of the Members.

As a class, the Class A Units have a ninety percent (90%) interest in Company profit, loss, items of income, gain, credit or expenses. Holders of Class A Units and Class B Units are collectively referred to herein as Unit-holders. Unit-holders share in Company profit, loss, items of income, gain, credit or expenses based on each Unit-holders respective percentage ownership interest in the Company. (see Exhibit B, Operating Agreement, Articles III and IV). The Class A Units are held by our Executive Members, other members of management, Affiliates, Advisors to the Company and other designees as described herein.

The Class B Units in conjunction with the Series A 12-6-12 Notes comprise the Investment Units that are the subject of the Offering. Each Investment Unit is comprised of one Series A 12-6-12 Note and one Class B Unit. The Series A 12-6-12 Notes will not be separately tradable from the Class B Units that together comprise an Investment Unit. The allocation of the \$250,000 stated value of an Investment Unit is (i) \$250,000 to the Series A 12-6-12 Note and (ii) no value allocated to the Class B Unit.

## Management of the Company

Except for the exercise of their approval rights set forth in Article VI of the Operating Agreement, the Members shall not take part in the management of the affairs of the Company, or control the Company business, and the Members may under no circumstances sign for or bind the Company. Subject to the limitations set forth in the Operating Agreement, or by non-waivable provisions of the Act, the President shall have complete authority and exclusive control to conduct any business on behalf of the Company in the sole and absolute discretion of the President without the consent of any Member, other than Major Decisions, which, Major Decisions must be approved by a majority vote of the Executive Members.

The day-to-day business and affairs of the Company shall be managed exclusively by its President. Richard Harkins is appointed by the Executive Members for an initial term as President expiring December 31, 2014. On an annual basis thereafter, our President shall be appointed by a majority vote of the Executive Members. Except as

may be otherwise expressly provided in the Operating Agreement, no Member, other than the President, has the actual or apparent authority to cause the Company to become bound to any contract, agreement or obligation, and no Member shall take any action purporting to be on behalf of the Company.

#### **The President and Duties of the President**

As President of the Company, the President is responsible for the implementation of the ordinary and usual business, affairs and purpose of the Company as more fully set forth in Article VI of the Operating Agreement. The President shall devote such part of the President's time to Company business as is reasonably and prudently necessary for the conduct of such business, affairs and purpose.

#### **Executive Committee**

The Founders Class A Members ("Founders Class A Members") shall establish the Executive Member Committee ("Executive Committee"), and the Executive Committee shall determine overall policies, objectives, and procedures for the operation of the Company. As of the date of the Operating Agreement, the Executive Members are Richard Harkins, George T. Simmons, Robert Kerrigan and Bruce Orr. The Executive Members shall thereafter be elected to the Executive Committee by vote of a Majority-in-Interest of the Executive Members. In the event of a vacancy on the Executive Committee, a new Executive Member shall be elected by an agreement of the remaining Executive Members. Any or all of the Executive Members may be removed with Cause at any time upon vote of a Majority-in-Interest of the Class A Members. The Executive Committee shall consist of four Executive Members. The President is appointed by the Executive Committee and oversees the day-to-day activities of the Company.

#### **Fees to Affiliates**

In addition to its participation in Distributions under Article III of the Operating Agreement, the Affiliates will receive additional compensation described below. The President shall in good faith, but at the sole cost and expense of the Company, use the President's best efforts to implement or cause to be implemented and to conduct or cause to be conducted the ordinary and usual business, affairs and purpose of the Company in accordance with and as limited by the Operating Agreement, including, but not limited to, the matters described below.

The President, in carrying on such activity, shall have all rights and powers generally conferred by law or which are necessary, advisable or consistent in connection therewith, and, in such capacity, shall have the specific rights and powers set forth below. In addition to any other rights and powers which it may possess, the President shall have all specific rights and powers required for or appropriate to the management of the Company's business, affairs and purpose which are outlined in Article VI and its sub-parts. (see Exhibit B – Operating Agreement).

Organization Costs. Pre-Formation Period and Post-Formation Period activities led to the identification of the apartments and hotels, apartment and hotel company Affiliates, prospective investment advisors, prospective Property lenders, organizational structure for a series of Funds, budgets for the various Affiliates of the Company, development of economic evaluation models for apartments and hotels and investment offerings, due diligence programs to be employed when reviewing prospective Property acquisitions, financial analysis programs for Property financings, private placement memorandum formats for Fund private offerings, programs for bank financing requests and presentations, and identifying sources for providing third party appraisals of Properties, financial review and audit of the Company and its Affiliates, market research studies for internal and external uses, development of accounting systems to be employed by the Company and development of legal sources to handle all aspects of real estate, contract and securities work needed by the Company and its Affiliates. In aggregate, our President, Executive Members, Affiliates and Company Vendors shall be reimbursed ("Organization Period Reimbursement Payments"), for deferred compensation and payables carried for the period November 12, 2010 through October 1, 2012, in the aggregate amount of \$50,000 payable from Offering Proceeds.

Executive Members Compensation. The Executive Members shall receive reasonable compensation for the performance of their services as Executive Members of the Company, provided that all Executive Members approve such compensation for each Executive Member. All Executive Members must approve any increase in the compensation payable to any Executive Members pursuant to the Operating Agreement. Other than the President, commencing November 1, 2012 each Executive Member, based on their date of commencement as an Executive Member, shall accrue a base annual "Guaranteed Payment" as stipulated in the Operating Agreement, Section 6.18(h)(i), or a lesser amount based on less than full-time service ("Full-Time Service") to the Company, as agreed by all Executive Members. The initial accrued base annual Guaranteed Payment may be increased or decreased on a calendar quarterly basis provided that all Executive Members approve

any such increase or decrease. Our Initial President, appointed by the Executive Committee, is also one of our initial Executive Members and is a member of our Executive Committee. Our President may receive periodic bonuses as determined by our Executive Committee but otherwise is compensated under the President's compensation plan as stipulated in the Operating Agreement, Section 6.18(h)(i).

#### **Class A Members - Capital Contributions and Credited Capital**

The Class A Units – The Class A Units are held by our Class A Members which are comprised of our President, Executive Members, Affiliates, Advisors to the Company and other designees as described herein. Founders, Executive Members and Advisors have contributed \$500,000 ("Agreed Value") of credited capital ("Credited Capital") over a period that included the Pre-Formation Period which commenced in July 2009 and the Post-Formation Period which commenced with the formation of the Company on November 12, 2010.

Credited Capital includes deferred compensation, services and property contributed to the Company for which no or partial cash compensation was paid as of the Amendment Date. As a result of capital contributions ("Capital Contributions") and Credited Capital, the aggregate capital accounts of the Class A Members is \$500,000 as of the Amendment Date. As a class, the Class A Units have a ninety percent (90%) interest in Company profit, loss, items of income, gain, credit or expenses.

As of the Second Amendment Date, the Class A Units are held as follows:

Class A Member Unit-holders	Units Held	Percentage Ownership of Class A Units
Richard Harkins	500	25.0%
George T. Simmons	300	15.0%
Robert Kerrigan	200	10.0%
Bruce Orr	100	5.0%
Reserved	900	45.0%
Class A Member Units Authorized for Issuance	2,000	100.0%

#### **Distributions to Members**

Distributions are specified in Article IV of the Operating Agreement. Except as otherwise provided in Article X, as soon as practicable after the end of each year of the Company Year, and, as to year-end distributions, in no event later than ninety (90) days after the end of each Company Year, the Company shall distribute and apply the net cash flow ("Net Cash Flow") for the previous year in the following order of priority:

- (a) \$12,500 Cumulative Priority Distribution to each Class B Unit (prorated in 2013 based on the date of entry of the investment).
- (b) 100% (or such lesser amount as is required) to pay all accrued but unpaid interest on outstanding Initial Members loans and Members loans.
- (c) 100% (or such lesser amount as is required) to repay the principal of any outstanding Initial Members Loans and Members Loans.
- (d) 100% to the Members in proportion to the unreturned balance of their respective Capital Contributions Accounts until the Members receive aggregate distributions that reduce the balances of the Members' respective Capital Contributions Accounts to zero.
- (e) The remaining Net Cash Flow, on a pro rata basis, shall be distributed to the Class A Members and Class B Members based on their respective ownership percentage of the Company.

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#### President Loans, Class A Members Loans and Additional Capital Contributions

The President has the obligation to make a best effort to arrange for loans based on the needs of the Company. The President has no obligation to make any such loans itself. The Class A Members are under no obligation to make loans to the Company but may elect to do so to meet needs of the Company. Neither the President nor any Class A Member is obligated to make additional Capital Contributions to the Company. (see Operating Agreement, Article II and Article VII).

#### Allocations to Members

Each Member will be allocated a share of profit, loss, items of income, gain, credit or expenses for each fiscal year of the Company, in accordance with their respective capital accounts and as specified in Article III of the Operating Agreement. (see Exhibit B, Operating Agreement).

#### Limitation Of Authority

The Executive Members have the exclusive right to approve all Major Decisions which will be carried out by our President. Our President makes all the decisions other than Major Decisions for the Company. The Class A Members by majority vote have the right to approve any change in the Company that will materially diminish their pro rata economic rights under the Class A Units.

The Class B Members voting rights shall be limited to their right by majority vote to approve any change in the Company that will materially diminish their pro rata economic rights under the Class B Units.

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### COMPANY BUSINESS PLAN

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#### Company Business Purpose

USA BRA has been formed to be the Advisor to a series of private Funds and their Affiliates. Each Fund will be designed to sell equity interest through exempt offerings ("Exempt Offering") or public offerings ("Public Offerings"), the proceeds of which will be used to acquire, on a leveraged or unleveraged basis, apartments and hotels. The hotels will be predominately Marriott and Hilton select/focus service, franchised licensed hotels located in the US and Canada.

Each Fund may be in the legal form of an LLC or a C Corporation. C Corporation Funds will elect to operate as REITs. The initial Fund which is being organized as of the Amendment Date is USA Barcelona Realty ("USA BR").

When formed and as planned, USA BR will elect to operate as a real estate investment trust ("REIT") for federal income tax purposes beginning with its taxable year ending December 31, 2014. As a REIT, it will generally not be subject to federal income tax. It will, however, be subject to a number of organizational and operational requirements and limitations.

#### Organization of USA Barcelona Realty and its Subsidiaries

USA BR – We expect USA BR to be capitalized through one or more private offerings of Units comprised of its Shares and through Borrowings.

Operating Partnership – USA BR would be the general partner (or managing member) of a wholly-owned subsidiary, USA Barcelona Realty Operating Partnership (or Operating Company if a limited liability company), also referred to as USA BR OP. It will have three wholly-owned subsidiaries to hold our Property acquisitions, joint ventures, partnership Investments and loans:

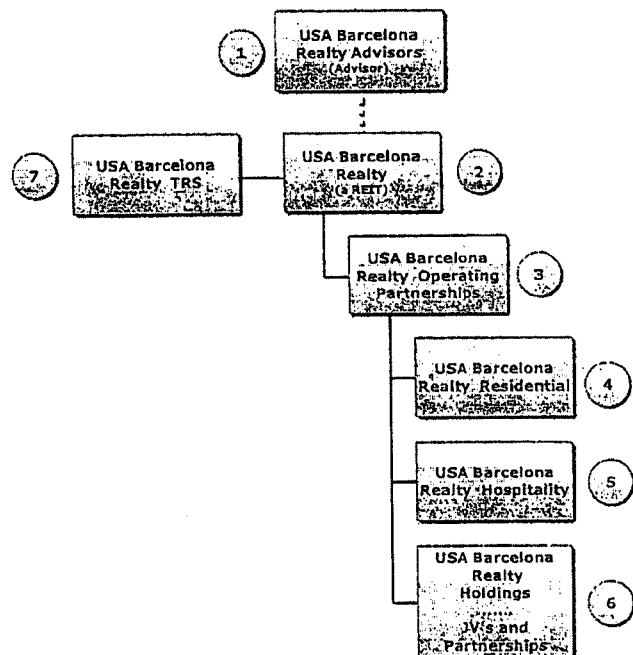
- USA Barcelona Realty Residential to hold our apartment communities,
- USA Barcelona Realty Hospitality to hold our hotels and

- USA Barcelona Realty JVs and Partnerships will be the managing member or co-manager of each of a group of single purpose investment entities including partnerships and other forms of joint ventures that we may form to make loans to, co-invest in or co-own properties that may include apartments, hotels or other types of real estate.

Taxable REIT Subsidiaries - On or before the acquisition of a property, we expect that USA BR will incorporate and own controlling interest in a TRS relative to that property. Each Single property LLC would be matched with a TRS ("Matched TRS"), and USA BR would own a controlling interest in each Matched TRS.

As shown in the following chart, USA BR anticipates having two primary subsidiaries, USA Barcelona Realty TRS and USA Barcelona Realty Operating Partnership. USA Barcelona Realty Advisors is the Advisor to USA BR and to each of USA BR's subsidiaries and affiliates.

1. USA Barcelona Realty Advisors ("USA BRA") – USA BRA is organized to be the Advisor to a series of Funds, including USA BR, and the administrator of each of the Funds subsidiaries and Affiliates.
2. USA Barcelona Realty - USA BR is the initial Fund under USA Barcelona Realty Advisors' advisory. USA BR is making the Offering of Units described in this Memorandum, and plans to elect REIT status
3. USA Barcelona Realty Operating Partnership ("USA BR OP") – We intend to form USA BR OP as a wholly-owned Affiliate of USA BR. It will have three wholly-owned subsidiaries to hold our apartment and hotel acquisitions, joint ventures, partnership investments and loans. USA BR expects to be the general partner of USA BR OP and provide it with its equity capital through general partner capital contributions. If USA BR OP is a limited liability company USA BR will be its managing member.
4. USA Barcelona Realty Residential will be the managing member of each of a group of Single property LLCs that we expect to form to own our apartment communities that we plan to acquire. Under our plan, USA BR Residential's Single property LLCs would be the property owners and USA BR Residential would be the managing member of each Single property LLC. We may manage our apartment communities through a wholly owned Affiliate or enter into management agreements with third parties to operate our apartment communities.
5. USA Barcelona Realty Hospitality will be the managing member of each of a group of Single property LLCs that we expect to form to own our hotels that we plan to acquire. As a part of the plan, each Single property LLC would lease its hotel to a Matched TRS which would operate each hotel under a triple net lease contract. The Matched TRS would have its hotel managed for it by an independent management company under a management contract (this structure meets certain REIT regulations restricting how hotels are managed).
6. USA Barcelona Realty JVs and Partnerships will be the managing member or co-manager of each of a group of single purpose investment entities including partnerships and other forms of joint ventures that we may form to make loans to, co-invest or co-own properties that may include apartments, hotels or other types of real estate.
7. USA BR Taxable REIT Subsidiary(s) ("USA BR TRSs") – REIT regulations do not allow a property REIT to directly manage certain types of properties, including hotels but not including apartment communities. However, REIT regulations have a provision that allows a REIT's controlled taxable subsidiaries (the TRS's) to lease the REIT's Properties from the REIT's Single property LLCs, thereby



assuring the REIT will have Good REIT Income from the leases.

In our proposed organizational structure, each Single property LLC will have an associated Matched TRS. Each TRS would have the related property managed through management contracts or leases with non-affiliated third party management companies. Income received by the TRS from the third party management companies would be passed through to the Single property LLCs in the form of lease payments, which, when distributed to USA BR OP and then to USA BR, would constitute Good REIT Income to USA BR.

#### Acquisition Activities – Selection of Properties for our Funds

For both apartments and hotels, a candidate property is closely reviewed under underwriting guidelines designed to reveal both property and market strengths and weaknesses.

At the micro (property) level, a comprehensive review of a subject property's operations in context with its competitive environment

- For Apartments – Occupancy and rents history;
- For Hotels – Occupancy, room rate and other revenue and cost center history;
- Current loans in place;
- Apartment improvements, and location, are rated for direct comparison with properties of similar type.
- Physical characteristics;
- Prior sales;

At the macro (submarket/market) level

- Rental market conditions,
- Apartment supply – existing, and new construction.

Properties selected as qualified acquisition candidates, are presented by the Company to a Fund's Board Of Directors for its review and approval for investment or purchase. The Company then undertakes the negotiations with the Property owner on behalf of the Fund.

As of March, 2013, resulting from its organizational activities, the Company had reviewed over twenty five (25) Properties that meet our acquisition criteria. Information derived from three apartment development companies is currently being compiled on over twenty apartment communities that meet our preliminary requirements.

We anticipate that the initial Fund (USA Barcelona Realty) will acquire or invest in four to five apartment communities and four to six Marriott and Hilton brand hotels.

#### Property Portfolios

In creating the property portfolio for our Funds, we blend Apartments and Hotels to create diversification of current income, income growth and capital appreciation. Blending the investment expectation of apartments and hotels creates a base level of relative certainty of our ability to perform on dividend expectations while having a solid opportunity to realize substantial dividend growth.

- Apartments - We are acquiring apartments while the industry has achieved a high occupancy level but with a good upside for rent increases.
- Hotels - Hotels are still coming back from a downturn and offer an upside in both occupancy and total revenue growth. In both cases we are acquiring below current replacement value.

#### Apartments

Apartments - The apartments we acquire will be in suburban locations and cater to upper income renters seeking a high quality community experience.

Over the last 25 years, institutional investors in the United States have significantly increased their ownership of apartment Properties. The apartment sector now accounts for the second-largest share of institutional investors' real estate holdings, lagging only the office sector.

During this period, the apartment sector established itself as having the best track record for risk-adjusted returns and recognized diversification benefits for real estate portfolios. Apartment Properties also present investors with a wide range of choices in terms of product, location and advantageous debt financing, allowing them to pursue a wide variety of successful investment strategies.

Professionally-managed apartment Properties in the United States are a highly liquid asset class that is attractive to institutional capital due to its stable cash flows, abundant debt financing, and unique diversification benefits.

Our apartments will fall in the range of B+ to A+ in two rating categories, Location and Improvements. Here are the definitions of these two categories as published by Pierce-Eislen:

#### Location

- A+/A - Defines the *Tiffany* of metropolitan area locations. The property occupies a site incorporating unique characteristics (i.e. view of, or from, mountains; golf course frontage; lake frontage; ocean view); very close access to a high concentration of high quality employment, high quality shopping, immediate area demographics emphasize upper income households.
- A/B+ - Area employment sources are highly concentrated, and of good quality (high paying jobs – gray-collar/white-collar composition); shopping and entertainment is nearby, and of good quality; the neighborhood environment is attractive, but not as demographically upscale as the "A+" location; area housing is relatively new, or priced well-above the median of metropolitan area single-family housing pricing; area direction of change in quality is improving, and is currently among the most desirable metropolitan area submarkets.

Note: Location factors are subject to evolutionary change. Adjustments in location ratings result from evolution in such factors as: Area access availability; changes in the employment base; area household demographic composition shifts resulting in a structural change due to economic changes, or city master plan changes related to gentrification.

#### Improvements

- A+ Among the best of all metropolitan area apartment communities – superior amenities – both in degree and quality of inclusion; of condominium quality in finishing detail; architecturally attractive; large unit sizes; interesting floor plans; unusually attractive amenities; and of superior construction quality. The property sets a metropolitan area rental housing standard of superiority.
- A A very attractive apartment community. Architecture is distinctive; unit mix, unit sizes, and finishing detail that are similar to an "A+" rating are included. Deductions from ratings are associated with less attractive exterior finishes, interiors are good quality, but not inclusive of details associated with the best properties.
- A- An attractive apartment community, but details that will otherwise distinguish an "A", or "A+", rating are not included. Deductions from ratings are associated with less attractive exterior finishes, interiors are good quality, but not inclusive of details associated with the best properties. Development density may be higher than the higher rated properties.
- B+ Of almost "A-" rating. Washer/dryer hook-ups are provided, but typically washers and dryers are provided by the resident, rather than the property, or washers and dryers are provided, but are stacked, half-sized. Architecture is satisfactory, but not striking; unit sizes are generally smaller than properties within the "A" quality category; recreational amenities are relatively complete, but not developed to the degree of detail associated with the "A-" quality community.

#### Hotels

The hotel Properties we acquire may be full-service or select/focus service (including extended-stay). Full-service Properties generally provide a full complement of guest amenities including restaurants, concierge, porter, room service and valet parking. Select/focus service Properties typically do not include all of these amenities. Extended-stay Properties offer residential style lodging with a comprehensive package of guest services and amenities for extended-stay business and leisure travelers.

The plan calls for USA BR to acquire, invest in and lend to primarily select/focus service hotels, including extended-stay hotels. Select/focus service hotels typically do not include most of these amenities. Extended-stay hotels offer high-quality, residential style lodging with a comprehensive package of guest services and amenities for extended-stay business and leisure travelers. We may also acquire full-service hotels. Full-service hotels generally provide a full complement of guest amenities including restaurants, concierge and room service, porter service or valet parking.

### **Key Factors behind our selection of apartments and hotels**

- Apartments have a long track record of having the highest risk-adjusted investment returns compared to other property types. The sector has proven to be most resilient during economic downturns, delivering superior returns during recessionary periods.
- Apartments have the most efficient cash distribution, due to low capital expenditures.
- Apartments have a lower cost of capital and wider availability of debt capital; apartment investments can support more debt than other property types with the same level of risk.
- Apartments have shorter leases (generally 12 months) than other property types, allowing them to adjust more quickly to changing market environments.
- Apartment and hotel market fundamentals are expected to remain positive on a cumulative basis over the next five-to-seven year period. Demand is expected to expand and new supply is expected to remain behind demand as "time to come to market" has been lengthened due to uncertainties in the capital markets, creating conditions for attractive rent and revenue growth in most locations.
- Hotels operate in a favorable, transparent, and market-driven regulatory and taxation environment.
- Hotels can generally adjust their rates on a daily basis giving them the greatest flexibility to react of demand and changing market conditions
- Hotels in the Marriott and Hilton brands enjoy industry branding. Such branding requires owners to constantly upgrade and periodically renovate the hotel to franchise standards or lose the franchise flag. This "franchise" control leads to a strong level of certainty for hotel customers as to their lodging experience. While our focus will be on Marriott and Hilton brands, we will have no limitation as to the brand of franchise or license with which USA BR hotels will be associated.

### **Other Real Estate**

Even though we intend primarily to acquire apartments and hotels, we may use a portion of the Offering Proceeds to purchase including golf properties and other real estate. We believe that less than 20% of the net proceeds raised in this Offering may be used to acquire real estate other than apartments and hotels.

### **Exit Strategies**

We expect that within approximately 6 years our Funds may (i) merge and the resultant merged company's common shares to be listed on a national securities exchange or quoted on the NASDAQ National Market System, (ii) merge, consolidate or otherwise combine our Company with non-Affiliates in a manner where we retain control of the merged entity; or (iii) dispose of all of Funds' Properties in a beneficial manner for our Funds' shareholders.

## **Business Opportunities and Objectives**

### **Business Opportunity**

Since the decline of the national economy commenced in mid-2007, real estate industry, across most markets and product types, has suffered a 10% to more than 40% decline in revenue performance. This decline, together with severely restricted capital markets during the same period, depressed Property values to pre-2007 levels. Currently, emerging out of the bottom of this cycle, we see an unprecedented opportunity to execute our Property acquisition plan. With minimal new apartments and hotels coming online in the next few years, tight debt markets and economic recovery underway, we feel recovery in the apartment and hotel sectors will be rapid and strong.

### **The Unfolding Property Market Recovery**

Our business plan is predicated on buying in the recovery portion of the current cycle (and we believe that we are out of the low point in the cycle and seeing recovery of values). Following our ownership period of approximately six years, we envision a Roll-Up of our Funds in an initial public offering, at which time we expect to extract the values for our Funds' Shareholders created from acquisition to stabilization. This projected holding period may be longer or shorter and other exit strategies may be more attractive.

In our opinion, herein lies the opportunity for USA BR. As we experience the U.S. economic recovery, apartment occupancies are high and rents are rising. Hotel occupancies and average daily rates are also recovering. We believe that the current state of the apartment and hotel sectors allows the assemblage of a Property portfolio at historically advantageous prices. We further believe that apartment and hotel performance will continue to rebound over the next several years until new supply stabilizes demand. During this period, we predict a substantial improvement in revenue performance of apartments and hotels and a corresponding increase in the values of our Funds' Properties.

### **Business Strategies**

Our primary initial business objective is to maximize share value of our Funds by maintaining long-term growth in cash dividends to our Funds. To achieve this objective, we will focus on maximizing the internal growth of Fund portfolios by selecting Properties that have strong cash flow growth potential.

We expect that within approximately 6 years we may:

- cause our Funds to merge and the resultant merged Company's common shares to be listed on a national securities exchange or quoted on the NASDAQ National Market System;
- merge, consolidate or otherwise combine our Funds with non-Affiliates in a manner where we retain control of the merged entity; or
- dispose of all of our Fund's Properties in a manner which will permit distributions of cash to our Funds equity interest holders.

Any of these actions will be conditioned on the controlling Members in the case of a partnership or limited liability company or Board of Directors in the case of a corporation of each Fund determining the action to be prudent and in the best interests of its equity interest holders. However, we are under no obligation to take any of these actions, and any action, if taken, might be taken before or after the 6 year period mentioned above. Certain of these transactions, such as a merger or sale of all of the Fund's assets, or our dissolution, will require our Fund's equity interest holders' approval, and this may be difficult to obtain.

### **Strategic Alliance Managers (SAMs)**

The Company believes that the Strategic Alliance Managers ("SAMs") will be valuable partners in executing the Funds' overall business strategy. The initiative to match the Funds' interests with that of the SAMs' is met as the SAMs source Properties for the Fund's acquisition. Additionally, under a TRS structure, the SAMs manage the Properties they sell to the Funds and those they find for the Funds.

The SAMs benefit from a continuous management fee stream that provides for additional compensation based on performance. The SAMs have an immediate liquidity event from Properties sold to the Funds and receive fees for Properties found for and acquired by the Funds. The SAMs have a subordinated interest in profits from the sale of Properties comprising their SAM portfolio. The SAMs possess significant experience in developing and acquiring high-quality Properties as well as providing the Funds with top quality Property management services.

## Funds' Dividends & Distributions

As planned for the Funds, dividends or distributions will be paid on a quarterly basis as declared by each Fund's board and will be based on an annual preferred dividend rate to a Fund's syndicated class of investors ("Syndicated Investor Class"). Common dividends, as declared by the Fund's board are paid on an annual basis on a pro rata basis to the common shares. Distributions (at liquidation) are made in priority to the preferred stock shares within the Syndicated Investor Class at a specified IRR (internal rate of return). Any additional funds available for distribution from liquidation are paid to the common shares on a pro rata basis. Common shares in each Fund are planned to be owned 70% by the Syndicated Investor Class and 30% by the Company.

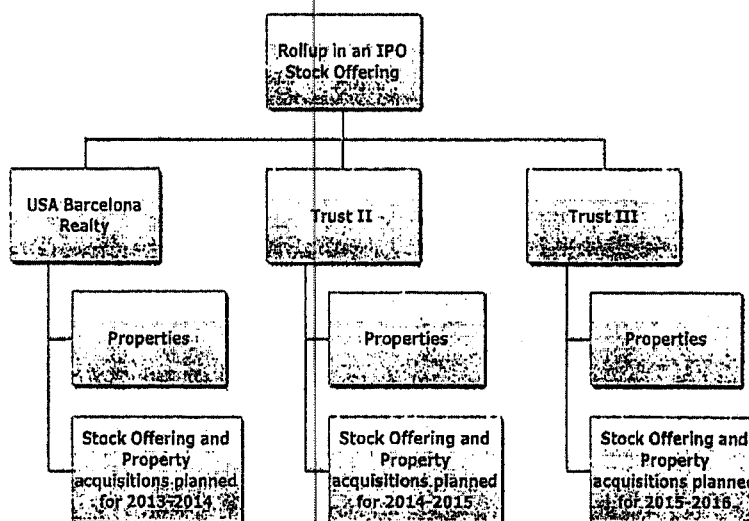
We envision a continuing pursuit of Property acquisitions as we strive to reach a Properties asset base that would be sufficient for conducting an efficient and attractive initial public offering. This could be achieved in a one of two ways, (i) building the capital base and Property portfolio of one Fund, or (ii) creating a series of Funds that combine in a Roll-Up. We favor the creation of series of Funds as our preference of Property types and scale may change as the economic cycle unfolds and supply and demand evolve among Property types and scale within each Property type.

The following chart demonstrates the organization of a series of private Funds that result in a Roll-Up ("Roll-Up") into a new public company. In this plan, the Roll-Up would be financed by proceeds of an initial public offering ("IPO").

**Chart – Series of Funds**

The steps contained in the plan to achieve this objective as outlined, as follows:

- By the end of fourth quarter 2013, we intend to have selected eleven to twelve Properties to be acquired by USA BR requiring approximately \$210,000,000 of equity and debt capital. We intend to acquire apartments, hotels and possibly other qualified income properties.
- Thereafter, we plan to acquire, on behalf of other Funds for which USA BR is the advisor, approximately 10 to 15 Properties per year, requiring approximately additional debt and equity capital as shown in the chart.
- Between 2013 and 2019, we will strive to position USA BR and the Funds that follow USA BR, to which we will be the Advisor, to combine their Property portfolios in a Roll-Up IPO ("Roll-Up IPO"), thereby converting the Funds' investors into shareholders in the resultant public company. We further anticipate that certain of our President, Executive Members and Advisors would be officers of that public company and our Class A Members and Class B Members would liquidate their LLC Units for cash and/or shares in the public company.
- We have given considerable thought to an exit strategy for both the Investors in the Company and in the Funds to which it will be an Advisor. We have concluded that by structuring the organizational steps to be compatible to an eventual business combination and to focus on a Roll-Up of all entities into a new public company offers the best or one of the best opportunities to maximize the value of the Funds' assets and the administrative value of the Company. All equity holders in the Company, including the Class B Members, would benefit from a successful execution of this Roll-Up strategy. Other exit strategies may be available, any one of which may be more equally or more attractive to the Company and the Funds than a Roll-Up IPO.
- No assurances can be given that we will accomplish the foregoing or at what time, if at all. (See "Risk Factors")



## Partnering Approach

Assuming we can execute our plan for USA BR and the other planned Funds to follow during the current business cycle, in addition to, or in lieu of Property purchases, the Funds should have opportunities to partner with high quality Property owners. Such opportunities would include capital investment in Property ownership entities to (i) reduce debt, (ii) satisfy accrued financial requirements, (iii) establish cash reserves to assure the property meets its needs as economic recovery occurs, and (iv) provide cash to the existing owner for other Property purchases that may also involve the Funds.

We anticipate that partnering would allow the Funds to acquire controlling interest in the same types of Properties that the Funds seek to acquire. It is an efficient method of deploying capital that creates portfolio investment opportunities, geographically disperses risk and in most cases will leave in place capable and knowledgeable management. We expect that this approach may also result in investment returns that are comparable to those achievable via acquisitions. In many cases, Properties that meet the Fund's investment criteria cannot be sold in today's market without substantial loss of owner equity. This partnering approach provides opportunities for investment in performing assets that are undervalued in current market conditions and where the transaction provides the sellers with benefits not offered by other buyers.

## Targeted Property Markets

On behalf of our Funds, we intend to arrange to acquire apartments and select/focus service hotels. Currently, we have not established our initial Fund, USA BR and therefore our Funds own no Properties.

Full service hotels generally provide a full complement of guest amenities including restaurants, concierge, porter and room service or valet parking. Select/focus service hotels typically do not include most of these amenities. Extended-stay hotels offer residential style lodging with a comprehensive package of guest services and amenities for extended-stay business and leisure travelers. We will own no Properties. The Funds to which we are Advisor, or one of their wholly-owned subsidiaries, will own all of the Properties we acquire.

We will seek associations with distinctive brands in the hotel markets. However, we do not anticipate affiliating our Funds with only one brand of franchise or license.



## Negotiations For Property Acquisitions

We have reached agreements with several apartment and hotel companies to strategically align with us and are in discussions with other potential SAMs who collectively own and manage or manage for others over 500 apartments and hotels located in over 20 states. The SAM-managed Properties we have targeted for purchase by our initial Fund are operated under the industry's leading brands including Marriott's Courtyard, Fairfield Inn, SpringHill Suites, TownePlace Suites and Residence Inn; and Hilton's Hampton Inn and Hilton Garden Inn, Homewood Suites and Home2 Suites. We intend to also acquire apartments and possibly other qualified income properties.

### **Management Contracts and Lease Contracts**

On behalf of the Funds, the Company intends to employ both management contracts and leases with its SAMs. The majority, if not all, contracts will be management contracts. Management contracts potentially allow for a greater share of property cash flow to accrue to the Company while leases provide a higher degree of certainty of income.

If a Fund elects to operate as a REIT, it is prohibited under the federal tax laws pertaining to qualifying as a REIT from operating its hotels directly. In this case, they intend to lease each of their hotels to a wholly-owned TRS, or another lessee for their management. If they elect to operate as a REIT, they anticipate that substantially all of their hotels will be leased to one of their wholly-owned subsidiaries.

A REIT can own up to 100% of the equity of a TRS. The REIT Modernization Act permits a REIT to lease the hotels that they own to a taxable subsidiary rather than requiring it to lease its hotels to a separate, unaffiliated entity. The hotels that they lease to a TRS will still need to be managed by an unaffiliated third party. Any net profit from the leases held by a TRS, after payment of any applicable corporate tax, will be available for distribution to the Fund as qualified REIT income.

### **Lease Characterization**

In order that any lease could not be characterized as a service contract or joint venture in the guise of a lease, the Operating Company's and Affiliate's possessory rights will be subject to the tenant's leasehold rights, and the tenant will have both the benefits and risks of Property operations. We expect that the Funds leases will have the following provisions:

- Periodic fixed and percentage rent payments.
- Fixed rent payments would be payable without regard to the success or failure of operations. Percentage rent would be based on gross revenue, rather than profit or net income, although real estate-related costs, such as taxes, insurance and real estate operating costs, may be deducted before determining the Operating Company's percentage of gross revenues.
- Percentage rents would be set at lease execution, and would not be renegotiated if the changes are based on profit or net income.
- Lease term would be 5 to 10 years.
- In select transactions, a Lessee ("SAM") of one or more Company owned Properties may have a subordinated interest in distributions of funds generated from the sale or refinancing of such Company owned hotels leased by said participant.

### **Management Contract Terms and Conditions**

We plan to have each of our Funds Properties managed by an independent manager under a separate management contract between the manager and the Fund (which is one of its wholly-owned subsidiaries, as specified in the previous section). The manager would be responsible for managing and supervising the daily operations of the Property.

All terms of these contracts would be the result of commercial negotiations between otherwise unrelated parties, and the fees and terms would be appropriate for the Property and the market in which it operates.

- Typical Term – Management Contracts to be used by the Funds - The term of the agreement is effective for an initial period of 5 to 10 years, with the option to renew at the Fund's sole discretion for one or more additional periods of five years each.
- Base Fee - The manager would be paid, within a range of 3% to 5% of the gross Property revenues received from the applicable property.
- Incentive Fee - The manager would receive an incentive management fee in a range of an amount equal to 3% to 12% of cash flow after all expenses included base fee, debt service and reserves.

### **Timing of Acquisitions of and Investments in Properties**

We think the current state of the apartment and hotel industries allows the assemblage of a series of performing Portfolios at reasonable prices relative to replacement values but with a less than 24 month window of opportunity to execute the strategy of acquiring quality Properties below their replacement values. As the US economy recovers, apartment rents will rise and hotel occupancies and average daily rates will stabilize at their appropriate levels. According to leading apartment and hotel industry experts, due to rising occupancy levels and rate

increases, apartment and hotel values started to rebound in 2010. There is still plenty of room to bring apartment rents and hotel occupancy and rate to their pre-2008 levels. As this recovery unfolds, we have a timely opportunity for investment in and acquisition of apartments and hotels.

#### **Broad Industry Relationship of Principals**

The Company principals and outside Advisors have extensive long-standing relationships with apartment and hotel owners, management companies, franchisors, lenders, brokers and consulting companies. We think broad sets of relationships afford the Company high level access to numerous partnership investment and acquisition opportunities.

#### **Risk Diversification**

Risk diversification is achieved through deploying our Fund's capital for both (i) partnership investments and acquisitions, and (ii) involving a mix of apartments and hotel brands, locations and chain scale. The Fund's portfolios are forecasted to include numerous apartments and hotels with capital deployed through partnership investments and acquisitions. The Fund's portfolios will include apartments located in the United States and hotels located in the United States and Canada. We may also acquire other qualified income properties.

#### **Franchise Relationships**

The Company expects its Funds will own franchised hotels in the upscale chain scale such as Courtyard by Marriott, Residence Inn and Springhill Suites by Marriott, Hilton Garden Inn and Homewood Suites. To further diversify the Fund's portfolio, the Company will target upper midscale hotels with top-performing brands such as Fairfield Inn by Marriott, TownePlace Suites by Marriott, and Hilton's Hampton Inn and possibly several key performing upper upscale hotels, such as Hilton and Marriott hotels.

We expect that each hotel will have a franchise license agreement between the lessee and a franchise Company providing for the payment of royalty fees and program fees to the franchisor based upon a percentage of gross room revenues. We anticipate that normally the management company will enter into a guarantee agreement in which it will guarantee the payment and performance of the lessee under the franchise license agreement.

The fees and other terms of franchise agreements will be the result of commercial negotiations between otherwise unrelated parties, and we believe that such fees and terms will be appropriate for each hotel and the market in which it operates. Normally, franchise agreements may be terminated for various reasons, including failure by the lessee to operate in accordance with the standards, procedures and requirements established by the franchisor.

#### **Capital Structure of Affiliated Funds' Properties**

The capital structure of the apartments and hotels may include leverage of up to 80% and 65% respectively (more in select cases). Some Properties may be unleveraged at the time of acquisition. As debt markets allow, the capitalization plan is to incorporate appropriate leverage for the Property portfolio.

- For partnership investment in Properties, the Funds will be in a preferred equity position with priority return and participation return features (structured as payments from gross income to assure appropriate income for REIT).
- Acquisition Properties may be structured with individual debt and equity per Property or our leverage may be a credit facility with all owner Properties providing the collateral for the credit facility. While we see the possibility for some all-cash transactions at the time of acquisition, we anticipate all owned Properties will be individually or collectively leveraged. Some debt may be seller financing.
- Generally, each portfolio Property will be owned by a single property bankruptcy remote entity, typically a LLC. A Fund's Operating Partnership would be the managing member of each Property LLC and the Fund would be the managing member of the Operating Partnership. (see Chart under "Company Business Purpose").

#### **The Funds as Lenders**

The Funds may employ a part of their capital to make loans secured by senior or junior trust deeds on Properties. We would anticipate the Funds receiving base interest, plus participation interest on its loans. We anticipate that such loans would be short-term and would be used to facilitate Property acquisitions where there is no assumable debt in place at the time of purchase. Any such loan made by the Funds would be refinanced with institutional secured debt at such time as market conditions allow and subject to acceptable terms and conditions.

### Property Portfolio Objectives

We primarily intend to invest in two asset classes of Properties - hotels and apartments, although we might consider other classes of income-producing properties. We intend to acquire Properties in the United States that we believe have the potential for long-term growth and income generation. We believe that our investment thesis is supported by demographic trends affecting consumer demand for the asset classes that are the focus of our investment strategy. Competition

We believe that we will differentiate our Funds from their competitors by adhering to five basic principles:

- Diversifying risk by operating as an owner of Properties and lending to only proven operators of Properties;
- Focusing on only the quality sectors of our targeted markets;
- Employing a conservative capital structure;
- Maintaining disciplined operational and asset management; and,
- Developing each Property portfolio with manageable geographic diversification foremost in mind.

Our business plan is based on our belief that our initial Fund, USA Barcelona Realty ("USA BR"), will raise up to \$70,000,000 or more in equity capital and be leveraged at approximately 70%. We believe that, in concert with allowed leverage, this equity capital would allow USA BR to invest in twelve or more Properties. Subsequent Funds would have similar objectives but may raise more or less equity than we have planned for USA BR. We can provide no assurance that we can meet these goals. (See, "Risk Factors")

### Reserves

Fund reserves are expected to be funded in an amount equal to 4% to 5% of gross revenues for each year.

### Competitive Advantage

Property Owner Interest – We believe our Company will be able to attract owners who own Properties situated in excellent markets, to do business with our Funds and us because:

- Excellent operators with well performing apartments and hotels may want to realize profits from the sale of their mature Properties while retaining property management (under our SAM program).
- We believe that we have assembled the right people required for the acquisition, operation, and management to execute our business plan. We have assembled the core of our management team from individuals with extensive real estate and REIT experience. We intend to continue to build our management team and Advisors as we progress in our business development.
- A Fund structured as an UP-REIT could acquire a property under a tax-deferred transaction (for the seller) using equity in the REIT's Operating Company in the form of its OP Units.
- A Fund could refinance a property owner's debt by providing a new loan to take out an existing loan. In this form of loan transaction, it would be likely that the Fund would also receive a percentage of ownership in the seller's property ownership entity.
- Where a property owner has lender issues, a Fund offer could offer the owner a "price" that pays off their lender, provides cash to the owner, and offers a potential future payment opportunity for the owner, based on a "forward looking performance based earn-out." Generally, these terms would only be available in the case where the property owner qualifies to remain the property manager under our SAM program.

## MANAGEMENT & ADVISORS TO MANAGEMENT

We are a Manager managed company ("Manager Managed"). We have an Executive Committee comprised of four Executive Members appointed from among our Class A Members. Our initial Executive Members are Richard Harkins, George T. Simmons, Robert Kerrigan and Bruce Orr. The Executive Members have the exclusive right to approve all Major Decisions which approvals will be carried out by our President. Our President makes all decisions for the Company other than Major Decisions. Our President and Executive Members function as our executive officers and conduct the affairs of the Company. Our Advisors are instrumental in providing oversight and guidance to our Executive Members. The following table sets forth the names and ages of those persons who comprise our President and Advisors to the Company.

Person	Position	Age	Affiliated With the Company Since
Richard Harkins	President and Executive Member	72	May, 2009
George T. Simmons	Executive Member	73	July, 2009
Robert Kerrigan	Executive Member	75	October 2012
Bruce Orr	Executive Member	51	April, 2010
Dawn Berry	Advisor	48	June, 2010
Allen Weintraub	Advisor	51	June, 2011
Steven Gold	Advisor	71	August, 2009
Not Used	na	na	na
Not Used	na	na	na
Not Used	na	na	na
Not Used	na	na	na
Not Used	na	na	na
Not Used	na	na	na
Not Used	na	na	na

### MANAGEMENT AND ADVISORS

**Richard Harkins** – President and Executive Member - Through his leadership, Barcelona has been fostered from a concept to an operating company with a primary focus on acquiring and owning apartments and hotels. Mr. Harkins focus is on executive management, developing business relationships with major apartment developers and franchisees of Marriott, Hilton and other top brand hotels and the capital needs of the Company. Mr. Harkins' business career began with 13 years in equity finance, land acquisition and executive management with Gulf Oil Real Estate Development Corporation and Cardinal Industries. Since 1987, he has been involved in the real estate industry in the development of high-end daily fee golf courses, and over the period 2002 through mid-2009 in the creation and executive management of Arizona Village Communities Operating Company, Inc. ("AVC"), a land acquisition and investment company.

He has been involved as the responsible executive in the acquisition of sites and the financing of over 225 limited service hotels, over 550 Apartment Communities and the assembly of over \$5 Billion dollars of public and private equity and debt capital. Mr. Harkins is a University of Alabama graduate with a degree in accounting. He served over nine years of active duty in the US Navy with specialties in radar, and related electronic warfare systems. He is proficient in the design and implementation of financial forecasting computer models and financial structures for complex organizations, including REITs. Mr. Harkins remains President of AVC, which exists in a state of inactivity, and continues to examine possible uses of AVC's loss carry forward tax asset.

**George T. Simmons** – Executive Member - He will serve as a member of the Executive Committee. Mr. Simmons is a self-employed business advisor, consultant, independent director, and private investor, with 45 years of business experience in semiconductor and electronic components industries, retail and restaurant establishments,

and real estate holding companies. His background also includes substantial international business experience. Mr. Simmons is a graduate of the University of Nebraska and completed post-graduate work at both the University Of Nebraska and Arizona State University. Mr. Simmons has 22 years of executive management tenure in large corporations such as Intel, Motorola, Oki Electric (Japanese) and Daimler-Benz (German), as well as entrepreneurial experience from the co-founding of seven business enterprises between 1985 and 2005. Businesses co-founded by Mr. Simmons include two real estate holding companies, three restaurants, a small retail chain and a semiconductor manufacturing Company operating in Taiwan and mainland China. Mr. Simmons continues to maintain his original ownership position in four of these business enterprises that he co-founded; three have been sold.

**Robert Kerrigan** – Executive Member - Mr. Kerrigan will serve as an Advisor to the board of directors. Mr. Kerrigan is the President and sole shareholder of Personal Wealth Management Group, Inc and the Sole Managing Partner of Wealth Legacy Consultants, LLC, which are both based in Scottsdale, Arizona. He holds a designation of Certified Wealth Consultant. Bob is a graduate of the University of Wisconsin Oshkosh with a degree in Economics and serves on the University Foundation Board. For the past (45) years he has been active in the financial services industry both as a provider of financial services to private clients and through ownership and management of several privately held companies both in manufacturing and service distribution. He also services on several Boards of For Profit businesses and Non Profit Philanthropic organizations. He also is currently on the Advisory Board for a local hospital and a Board member of the YMCA. Bob resides in Scottsdale, Arizona and has two grown sons and four grandchildren.

**Bruce Orr** – Executive Member - Mr. Orr is currently President of Bruce Orr and Associates, LLC and is a full Partner in District Development Partners, LLC. He has a background in Corporate Finance and Commercial Banking and has been an active consultant to businesses throughout the Western U.S. for the last 22 years. He earned his MBA from Pepperdine University and was trained in banking and finance while with Wells Fargo Bank. He also has experience as a general contractor building single family homes. He has consulted for housing as well as commercial and industrial real estate developers. He has vast experience in corporate finance, including merger and acquisition, ESOP and real estate financing. Mr. Orr has spent the last six years working within hotel development. He has relationships with Hilton, Choice and Marriott Hotels. He has spent four years developing relationships in Buena Park, California, where he and District Development Partners are currently working on an expanded redevelopment of the entertainment district.

#### ADVISORS TO THE COMPANY

**Dawn Berry** – Ms. Berry is President and CEO of PHD Hospitality and Development Company. She will serve as an Advisor to the Company. Ms. Berry received a bachelor's Degree in Business Administration at the University of Stevens Point. She is A 21 year veteran of the hospitality industry, Berry's resume includes but is not limited to executive management of hotels in Focused Service, Full Service, Destination Resort hotels and Franchise Brand Management ranging from 125-2,000 guest rooms in Urban, Unionized, Suburban and Destination markets across the United States. Prior to co-founding PHD Hospitality, Berry served as Vice-President Brand Management for Hilton Hotels Corporation for the Hilton Garden Inn brand for 6 years. During that time, the brand experienced a JD Power award winning stretch for 5 of those 6 years and Berry was a contributing Member in taking the brand from 58 hotels to 310 prior to leaving the company. As hotel owners, PHD understands the importance of and has proven results in Customer Satisfaction, Profitability and overall Asset Management in maximizing investor returns.

**Allen Weintraub** - Mr. Weintraub had a long and distinguished career in the financial services industry. Over the course of 18 years he managed over \$120 million of assets for retail investment clients for Merrill Lynch, UBS, and Prudential Securities. In 2005 Mr. Allen branched out on his own, consulting with several real estate, healthcare, and technology companies to help them in their efforts to build brand and name recognition, market and raise capital. In these last six years he has raised over \$70,000,000 for private ventures in these industries. A native of Reading PA, Mr. Weintraub has spent the last 29 years, and all of his business life in metropolitan Phoenix. He has served on the board of directors of various charitable organizations. Mr. Weintraub will facilitate the fund raising, marketing, and investor relations functions for USA Barcelona Realty, Inc. He has had significant success as an employee of several companies, assisting them in raising capital and has raised over \$100,000,000 in the past three years.

**Mr. Steven Gold** – Mr. Gold is Managing Director for Hotel Financial Strategies, responsible for development of debt and equity programs, where he has been involved in over \$20 billion in real estate Financing. He will serve as an Advisor to the Company. He also has been the Chairman of the Real Estate Advisory Board at UCLA, Founder of the UCLA Hotel Conference (ALIS) and a Member of the Dean's Council of the UCLA School of Architecture and Urban Planning. He has been a director of a public REIT, as well as numerous civic and charitable organizations.

Mr. Gold has served as chairman of Center Financial and was an adjunct professor at the UCLA Business School. He specializes in the Financing of major real estate developments and originates many joint ventures for developers with institutional partners. Mr. Gold holds an MBA from UCLA.

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## RISK FACTORS

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THE INVESTMENT UNITS BEING OFFERED INVOLVE A HIGH DEGREE OF RISK. PROSPECTIVE INVESTORS, PRIOR TO MAKING AN INVESTMENT, SHOULD CAREFULLY CONSIDER THE FOLLOWING RISKS AND SPECULATIVE FACTORS INHERENT IN AND AFFECTING THE BUSINESS OF THE COMPANY AND THIS AGREEMENT.

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### Investment Risks

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- *Members will not have the benefit of reviewing our past performance.*

The Company was recently organized, has limited assets and no operating history. Company Affiliates have limited experience together covering a period of two years dating back to July 2009. As a result, Investors will not be able to review our past performance to evaluate the likelihood of our achieving our investment objectives.

- *Investment in the Company by Management and Affiliates*

Company Affiliates have loaned and invested over \$650,000 in cash and have deferred over \$1,000,000 in compensation during the 39 month period which commenced in July 2009 and led to the organization of the Company and its Affiliates. Several of our management and staff have devoted over 29 months to the fulltime undertaking of the organization of the Company and Affiliates. These loans, investments and deferred compensation by our management and Affiliates may be repaid in ensuing periods from the profits of the Company and Affiliates and such repayments may reduce amounts otherwise available for Distribution to our Class B Members.

- *The Company will rely on the management and personnel of its Affiliates.*

The management and other personnel of the Company will also be the management and personnel of Affiliates. Our management and personnel intend to devote their full business time to the Company.

Our ability to achieve our investment objectives and to make distributions to Members will depend upon our ability to execute the Company's business plan. Members must rely on the judgment of the management and personnel of the Company (who will also be employed by Affiliates) to apply the Proceeds of this Offering and manage the Company's business. Members will not have an opportunity to evaluate the qualifications of outside advisors who may provide the Company with guidance, and we cannot assure you that any such advisors engaged by the Company will render prudent advice not mitigated by the knowledge and experience of the management and personnel of the Company's President and Affiliates. The Company's future success depends in large part upon the ability of its Affiliates to hire and retain additional highly skilled managerial, operational and marketing personnel. The Company may require additional real estate, finance, operations and marketing people who have experience in the apartment and hotel industry. The Company cannot guarantee that it or its Affiliates will be successful in attracting and retaining skilled personnel. Should the Company or its Affiliates be unable to attract and retain key personnel, the ability of the Company to make prudent decisions for its Funds may be impaired.

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### Real Estate Business Risks

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- *The Company's success will be subject to its ability to accurately evaluate relevant markets.*

Until the Company has established its initial Fund and subsequent Funds, it Company will have no operational cash flow at its disposal and must depend on implementing its cash plan, which includes the employment of funds received from this Offering and possibly other financings, if applicable.

- *The Company will have numerous competitors.*

There are numerous entities engaged in the purchase of apartments and hotels, many of which have greater assets than the Company's Funds will have. The Company believes it will be able to compete favorably in this business, but cannot assure success.

- *The business will be subject to risks generally associated with Land acquisition, improvement and sales, and residential development.*

The Company will be subject to the risks generally associated with Land acquisition, entitlement, improvement and resale, including the effect on the Company of the uncertainty of cash flow to meet its obligations, including distributions to its Members. Adverse local market conditions due to changes in general or local economic conditions, regional characteristics, interest rates, changes in real estate taxes, changes in governmental rules, and other factors which are beyond our control, may affect the ability of our goals.

- *By becoming the owner of Land, the Company may become liable for unforeseen environmental obligations.*

Under applicable environmental laws, any owner of real property may be fully liable for the costs involved in cleaning up any contamination by materials hazardous to the environment. Even though the Company and its Funds might be entitled to indemnification from the person that caused the contamination, there is no assurance that the responsible person would be able to indemnify the Company and its Funds to the full extent of the Company's liability. Furthermore, the Company and its Funds would still have costs and administrative expenses for which it may not be entitled to indemnification. The Company will undertake to mitigate such risks for unforeseen environmental obligations by performing appropriate due diligence on the Properties it acquires for its Funds, including obtaining soil reports and environmental reports.

#### **Debt Financing Risks**

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- *The Company's Funds results are subject to fluctuations in interest rates and other economic conditions.*

The Company's Funds results of operations will vary with changes in interest rates and with the performance of the Funds' hotels surrounding real estate markets. A slowdown in business and vacation travel may reduce revenues to the Company's Funds resulting in reduced fees paid by the Funds to the Company and the distribution Members receive.

The Company's Funds Bank Loans will generally have interest rates tied to a reference prime rate with periodic adjustments both up and down as the prime reference rate fluctuates. To offset this risk to the Company's Funds, the Company intends to negotiate restrictive rate change terms in all Bank Loans employed by Company Funds.

- *Any borrowing by the Company may increase Members' risk and may reduce the amount of earnings available for Distributions to Members.*

The Company cannot guarantee that it will not require future bank borrowings to meet Company cash requirements and in the event that it does that it will be successful in arranging any Bank Loans or in the event the Company does, that such Bank Loans will be a positive factor in executing the Company's business plan.

Should the Company be unable to repay the indebtedness and make the interest payments on any such Bank Loans, the lender will likely declare the Company in default and require that it repay all amounts owing under the loan. Even if the Company is repaying the indebtedness in a timely manner, interest payments owing on the borrowed funds may reduce the Company's income and the distributions Members receive.

The Company may borrow funds from several sources, and the terms of any Loan may vary substantially from others. However, some lenders may require as a condition of making a loan that the lender will receive a priority on revenues received by the Company. As a result, the first revenues received by the Company may go to those lenders and that may decrease amounts available to meet the Company's other obligations, and distributions available to be made to Members.

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## Conflicts of Interest Risks

The risk factors below describe material conflicts of interest that may arise in the course of the management and operation of the Company's business. The list of potential conflicts of interest reflects the Company's knowledge of the existing or potential conflicts of interest as of the date of this Offering. The Company cannot guarantee that no other conflicts of interest will arise in the future.

- *Affiliates will be paid fees and expenses from Company operations.*

Such payments include (See "Related Party Transactions"):

Organization Costs Reimbursement,  
Management Fee, and,  
Acquisition And Disposition Bonuses,

- *Certain compensation arrangements are non-arm's length agreements.*

The Company's Agreements and arrangements for compensating and Affiliates are not the result of arm's length negotiations.

- *Competition may exist between the Company, its Funds and other Affiliates.*

The Company's Funds and Affiliates, may engage in businesses which are or will be competitive with the Company or which have the same objectives as those of the Company. However, the Company must use its best efforts to resolve conflicts of interest with its Affiliates in the best interest of the Company.

- *Affiliates lack separate legal representation.*

The same counsel represents the Company and its Affiliates, and the Company anticipates that this multiple representation by attorneys will continue in the future.

- *Company Affiliates may own Investment Units.*

Any director or officer of the Company or any Affiliate may acquire, own, hold and dispose of Investment Units for that individual's account and may exercise any of his or her rights to the same extent and in the same manner as if he or she were not an Affiliate of the Company.

- *The Company and its Affiliates will face conflicts of interest concerning the allocation of personnel's time.*

The Company anticipates that it will engage in the business activities described in the section "The Company's Business" in this Memorandum. Although management and personnel of the Company devote their full-time efforts to the business of the Company, other Affiliates will not do so. As a result, the Company and its Affiliates may have conflicts of interest in allocating time and resources between the business of the Company and those other activities. During times of intense activity in other programs and ventures, key personnel of Affiliates may devote less time and resources to the business of the Company than required by the needs of the Company.

- *The Company's Affiliates will face conflicts of interest arising from the Company's fee structure.*

Affiliates may receive certain fees in connection with the Offering and certain fees for services performed for the Company. These fees are quantified and described in greater detail under "Fees to Managers and Affiliates" and in the compensation table contained in this Offering. The Company's interests may diverge from those of the Affiliates to the extent that the Affiliates benefit from fees that are paid by the Company.

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## Retirement Plan Risks

- *An investment in the Company may not qualify as an appropriate investment under all retirement plans.*

There are special considerations that apply to pension or profit sharing trusts or IRAs investing in our Investment Units. If Members are investing the assets of a pension, profit sharing, 401(k), Keogh or other qualified retirement plan or the assets of an IRA in the Company, Members could incur liability or subject the plan to taxation if:

- (1) the investment is not consistent with fiduciary obligations under ERISA and the Internal Revenue Code.
- (2) the investment is not made in accordance with the documents and instruments governing the plan or IRA, including the plan's investment policy.
- (3) the investment does not satisfy the prudence and diversification requirements of Sections 40(a)(1)(B) and 404(A)(1)(C) of ERISA.
- (4) the investment impairs the liquidity of the plan.
- (5) the investment produces "unrelated business taxable income" for the plan or IRA.
- (6) Members will not be able to value the assets of the plan annually in accordance with ERISA requirements.
- (7) the investment constitutes a prohibited transaction under Section 406 of ERISA or Section 4975 of the Internal Revenue Code.

## FEES TO AFFILIATES

The table below describes all the compensation, fees, reimbursement and other benefits which our Funds will pay to, or which may be realized by, USA Barcelona Realty Advisors, and Affiliates.

In addition, each Member of the senior management team and certain staff Members will provide certain services to us. For administrative convenience, these persons will all be employed by USA Barcelona Realty Advisors. From the reimbursement compensation received by USA Barcelona Realty Advisors under an Administration Agreement with a Fund, the Fund will reimburse USA Barcelona Realty Advisors for a portion of the compensation paid to its senior managers and staff, based on the amount of time they devote to activities required by the Fund.

<u>Person Receiving Compensation</u>	<u>Type of Compensation</u>	<u>Amount of Compensation</u>
USA Barcelona Realty Advisors	Commission or Fee for acquiring and selling a Fund's Properties and related acquisition and disposition expenses.	A percentage (up to 2.0%) of the gross purchase price of the Properties purchased and sold by USA BR for a Fund.
USA Barcelona Realty Advisors	Advances and reimbursements of overhead costs of USA Barcelona Realty Advisors.	Estimated to be an annual amount of .75% to 1.25% of the cost of properties acquired by a Fund, paid monthly.
USA Barcelona Realty Advisors	Reimbursement for certain deposits and costs incurred on our behalf.	Not estimable, but subject to the limits described below under "Reimbursements to USA Barcelona Realty Advisors".

### Specific Amounts of Compensation Payable to USA Barcelona Realty Advisors

Except as otherwise indicated in the above table, the specific amounts of certain compensation or reimbursement payable by a Fund to USA Barcelona Realty Advisors are not now known and generally will depend upon factors determinable only at the time of payment. Compensation payable by our Funds to USA Barcelona Realty Advisors may be shared or allocated to our Affiliates. However, compensation and reimbursements which would exceed specified limits or ceilings cannot be recovered by USA Barcelona Realty Advisors through reclassification into a different category.

## **Administration Agreement between USA Barcelona Realty Advisors ("USA BRA") and its Funds**

An Administration Agreement between each Fund and USA Barcelona Realty Advisors will delineate the procedures for determination of the budget and terms and conditions under which USA BRA serves the Fund and its Affiliates.

### **Reimbursements to USA Barcelona Realty Advisors**

USA Barcelona Realty Advisors will be reimbursed by each Fund for certain direct costs incurred on the Fund's behalf for organization, acquisition, conducting asset management of the Fund's Properties and for goods and materials used for or by the Fund and obtained from entities that are not affiliated with USA BRA, although whenever possible the Funds and USA BRA will attempt to have costs incurred on a Fund's behalf to be charged to the Fund's taxable subsidiaries, rather than charged to USA BRA and thereafter reimbursed by the Fund. Possible reimbursable costs and expenses include, but are not limited to, interest and other costs for money borrowed on a Fund's behalf, taxes on a Fund's Properties or business, fees for legal counsel and independent auditors engaged for a Fund, expenses relating to a Fund's Shareholders communications, costs of appraisals, non-refundable option payments on Property not acquired, and title insurance. These expenses also include ongoing accounting, reporting and filing obligations of a Fund that are provided to a Fund by USA BRA and payments made to third parties that are made by USA BRA on a Fund's behalf. These expenses will not include any amounts for overhead of USA BRA. In addition, there will be no "mark-up" of these expenses by either of these entities. Operating expenses reimbursable to USA BRA are subject to the overall limitation on operating expenses stipulated in the Advisory Agreement.

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### **PLAN OF DISTRIBUTION**

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The Company is offering the Investment Units directly through Members of management on the terms and conditions set forth in this Memorandum. No commissions or other remuneration will be paid in connection with the sale of Investment Units directly by the Company. Fees of up to 4% in selling fees (up to \$40,000) and up to an additional 1% in due diligence fees (up to \$10,000) may be paid by the Company on Investment Units sold in this Offering where sales are made through Members of the Financial Industry Regulatory Authority, Inc. ("FINRA"), Registered Investment Advisors and others subject to applicable Arizona state securities laws.

Sales commissions on Unit sales will be paid from Offering Proceeds at the time Proceeds are received by the Company. Up to \$50,000 of the Proceeds raised from the Offering may be reimbursed to our management for time and expenses incurred in the organization of the Company. An additional \$30,000 will be used to pay expenses to third party professionals for expenses relating to the organization of the Company and conducting this Offering including, among other expenses, printing and mailing, legal and accounting fees. After deduction of those expenses, all other Proceeds will be used by the Company to pursue the business plan outlined in this Memorandum. The Company is Offering the Investment Units on a "best efforts" basis. (see "Planned Use Of Proceeds" on the Cover Page).

There is no minimum Offering amount, and the Company will have the use of all sales Proceeds as they are received. We cannot assure that all or any of the Investment Units offered will be sold.

The Company is offering Accredited Investors an opportunity to purchase an aggregate of \$1,000,000 of Investment Units comprised of four (4) Investment Units, each of which is comprised of one Series A 12-6-12 Note and one Class B Unit. Purchasers must purchase a minimum of one Investment Unit at \$250,000, which comprises one Series A 12-6-12 Note and one Class B Unit, except that we may permit investments of a lesser amount in our discretion.

We expect to terminate the Offering when all of the Investment Units offered by this Memorandum have been sold or 120 days from the date of this Memorandum (whichever occurs sooner), unless extended by us for up to an additional 180 days, in order to achieve the maximum Offering of four (4) Investment Units.

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## FEDERAL TAX CONSIDERATIONS

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Investors must look to their own tax advisors regarding the tax implications inherent in investment in the Company, the income or deductions generated by the Company and allocated to its Unit-holders, and the impact of owning Investment Units comprised of Series A 12-6-12 Notes and Class B Member Units will have on their personal tax situations.

This Memorandum does not include tax advice and is not intended as a substitute for careful tax planning. Each prospective purchaser of Investment Units is advised to consult with his or her own tax advisor regarding the specific tax consequences to him or her of the purchase, ownership and disposition of Investment Units comprised of Series A 12-6-12 Notes and Class B Member Units in an entity electing to be taxed as a limited liability company, including the United States federal, state, local, foreign and other tax consequences of the purchase, ownership, and disposition of Investment B Units and of potential changes in applicable tax laws.

This Memorandum does not discuss the various aspects of federal income taxation that may be relevant to a particular Unit-holder in light of his personal investment circumstances or to certain types of Investment Units subject to special treatment under the Code (for example, insurance companies, banks, dealers in securities, foreign persons and tax-exempt organizations) and does not discuss any aspects of state, local, or foreign tax laws which may be applicable to a Unit-holder. Accordingly, a prospective Unit-holder is urged to consult his or its own tax advisors regarding an investment in the Company and its consequences.

The tax consequences of holding Series A 12-6-12 Notes and Class B Member Units will depend, in part, on each Unit-holder's financial and tax circumstances. You must determine whether the tax implications of this investment would be appropriate for you as a Unit-holder. Accordingly, each prospective Unit-holder must consult with his or her own tax advisor concerning the effects of the tax laws on an investment in the Company.

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## SALES LITERATURE

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The Offering is made only by means of this Memorandum. We have not authorized the use of any other supplemental literature in connection with the Offering.

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## REPORTS TO INVESTORS

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Financial information contained in all reports to Investors will be prepared in accordance with generally accepted accounting principles. An annual report, which will contain audited financial statements, will be furnished within 120 days following the close of each fiscal year commencing with year ending December 31, 2014. The annual report will contain a complete statement of compensation and fees paid or accrued by us to USA Barcelona Realty Advisors, together with a description of any new agreements. We also intend to send to our Investors quarterly reports after the end of the first three calendar quarters of each year. Quarterly reports will include unaudited financial statements prepared in accordance with generally accepted accounting principles. Under applicable law our Investors also have the right to obtain other information about the Company.

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## FINANCIAL STATEMENTS

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The unaudited Financial Statements for USA Barcelona Realty Advisors, LLC at December 31, 2012, which have been prepared by management, is set forth as Exhibit C. The Company is a start-up entity, and does not yet have financial statements that have been compiled, reviewed or audited by independent accountants. We intend to have reviewed annual financial statements ("Reviewed Statements") commencing with the year ending December 31, 2013.

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## TERMS OF THE OFFERING

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The Company's Operating Agreement authorizes the Company to issue and sell up to \$1,000,000 of Investment Units. (see "Exhibit B, Operating Agreement.") We expect to terminate the Offering when all of the Investment Units offered by this Memorandum have been sold or 120 days from the date of this Memorandum (whichever occurs sooner), unless extended by us for up to an additional 180 days ("Offering Period"), in order to achieve the maximum Offering of 4 Investment Units or such lesser amount as we may elect.

Fees of up to 4% in Selling Fees may be paid by the Company and up to an additional 1% in due diligence fees may be paid by the Company's President on Investment Units sold in this Offering where sales are made through Members of the National Association Of Securities Dealers, Inc, registered investment advisors and others subject to applicable state securities laws of the states in which the Units are being offered. The Company's estimation of its allocation of the net Proceeds of this Offering is based upon the current and projected state of its business operations, its projected plans and current economic and industry conditions, and is subject to a reapportionment of Proceeds. The maximum sales commissions are included in the table on page 2. Sales commissions on Unit sales will be paid from Offering Proceeds at the time sales Proceeds are qualified to be used by the Company. Additionally, regarding purchases of Investment Units by IRA's, the Company will pay a one-time fee to the associated IRA Custodian of up to \$500, which payment will be deducted from any commission and expenses otherwise due on the sale of the associated Investment Unit(s). The Units sold under the Offering will be offered directly by Members of the Company, for which no commission will be paid, and may be offered through Members of Financial Industry Regulatory Authority ("FINRA"), registered investment advisors and others, subject to applicable state securities laws of the State of Arizona, to qualified Investors meeting Accredited Investor standards as defined in Rule 501(a) of Regulation D. The Company's estimation of its allocation of the net Proceeds of this Offering is based upon the current and projected state of its business operation, its projected plans and current economic and industry conditions, and is subject to a reapportionment of Proceeds. Executive Members of the Company and Affiliates may be paid a fee ("Organization Period Reimbursement Payments") in the aggregate amount of \$50,000 payable from Offering Proceeds.

Offering expenses, in addition to selling expenses, of up to 3.0% of gross Offering Proceeds will be expended for material and services related to the creation, duplication and distribution of the Offering documents, and legal expenses. Investment Unit Capital may be used by the Company for (i) meeting the Company's requirements, (ii) establishing operating reserves; and, (iii) any other use authorized in the Operating Agreement. ("Exhibit B - Operating Agreement").

### Restrictions on Transferability

There will be no public market for the Investment Units, and there will be significant restrictions on the transferability of the Units. The Investment Units have not been registered under the Securities Act or the laws of any other jurisdiction and cannot be sold or otherwise transferred by investors unless they are subsequently registered under applicable law or an exemption from registration is available. The Company is not obligated to register the Investment Units and is not required to register them or to make any exemptions from registration available.

The Series A 12-6-12 Note will not be separately tradable from the Class B Unit that together comprises each Investment Unit.

The Investor Questionnaire and Subscription Agreement contains substantial restrictions on the transferability of the Investment Units. No transfer of Investment Units may be made without the transferor furnishing the Company with an opinion of counsel, satisfactory to the Company, that the transfer is exempt from the registration requirements of applicable securities laws. Documents representing the Investment Units will bear legends required by the State Of Arizona, as follows:

THE INVESTMENT UNITS OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), UNDER THE ARIZONA SECURITIES ACT, OR UNDER ANY OTHER STATE SECURITIES ACT IN RELIANCE UPON EXEMPTIONS FOR TRANSACTIONS NOT INVOLVING A PUBLIC OFFERING.

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## SUBSCRIBER INFORMATION AND QUALIFICATIONS

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Any qualified Offeree who wishes to purchase any of the offered Investment Units should deliver the following items to the Company:

One executed copy of the Investor Questionnaire and Subscription Agreement (Exhibit "A"), with all blanks properly completed; and purchase of a minimum of \$250,000 of Investment Units (One Investment Unit), or in such other amount as approved by the Company, by payment of the applicable purchase price made payable to "USA Barcelona Realty Advisors, LLC"; and, as stipulated in the instructions located in the Subscription Instructions for Investment Units, contained in Exhibit A.

Tender of the purchase price and the Investor Questionnaire and Subscription Agreement shall be made to the Company. Upon acceptance by the Company, subscribers for the Investment Units will be admitted to the Company as Class B Members.

### Additional Information

This Memorandum has been prepared from information available to the Company. The summaries of, and references to, various documents in this Memorandum do not purport to be complete, and in each instance reference should be made to the copy of such documents which is either an exhibit to this Memorandum of which will be made available to Offerees and their professional advisors upon request.

During the course of the Offering, representatives of the President will answer questions from, and provide information to, Offerees and their professional advisors concerning the Company and the terms and conditions of the Offering and will, on request, make available additional information, to the extent the Company possesses such information or can acquire it without unreasonable effort or expense, which is necessary to verify the accuracy of the information contained in this Memorandum or which an Offeree or his professional advisors desire in evaluating the merits and risks of an investment in the Securities.

Prospective Investors and their representatives and agents are specifically invited and encouraged to:

- examine all books and records of the Company;
- review the Operating Agreement (attached hereto as Exhibit B);
- ask questions of representatives of the President of the Company material to this investment;
- seek any other information from the President of the Company material to this investment which is in the possession or is reasonably available to the President;

Prospective Investors should retain their own professional advisors to review and evaluate the economic, tax and other consequences of ownership of the Investment Units, and are not to construe the contents of this Memorandum, or any other information furnished by the Company, as investment, tax or legal advice.

The Company's estimation of its allocation of the net Proceeds of this Offering is based upon the current and projected state of its business operations, its projected plans and current economic and industry conditions, and is subject to a reapportionment of Proceeds. The Company's projected use of the Proceeds from this Offering is described in the Cover Page. As allowed by the Operating Agreement, the Company may attempt to raise additional capital if the need arises.

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HOW TO SUBSCRIBE

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Any qualified Offeree who wishes to purchase Securities shall deliver the following items to the Company:

**Investment Units** -- make check payable to USA Barcelona Realty Advisors.

1. **Investor Questionnaire and Subscription Agreement** - completed and signed Investment Unit Investor Questionnaire and Subscription Agreement;
2. **Payment** for Investment Unit(s) in a minimum amount of \$250,000. Each \$250,000 purchase (One Investment Unit) entitles purchaser to receive 25.0% of the Investment Units offered in the Offering.

**Deliver to:**

USA Barcelona Realty Advisors, LLC

7025 N. Scottsdale Road, Suite 160

Scottsdale, AZ 85253

**480-625-4355**



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## DEFINED TERMS

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"Accredited Investor" means an investor must meet certain qualifications within the meaning of Rule 501 of Regulation D, promulgated under the ACT, as amended, and applicable state law, and as follows:

- Any entity in which all of the equity owners are "Accredited Investors" (Entity Test); or
- Any natural person who had an individual income in excess of \$200,000 (or joint income with that person's spouse in excess of \$300,000) in each of the two most recent years, and has a reasonable expectation of reaching the same income level in the current year (Income Test); or
- Any natural person whose individual net worth, or joint net worth with that person's spouse, less the value of the personal residence, at the time of his purchase exceeds \$1,000,000 (Net Worth Test); or
- Any trust with total assets in excess of \$5,000,000 not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a "sophisticate person" within the meaning of Rule 506(b)(2)(ii) of Regulation D (Trust Test); or

Other entities may qualify as Accredited Investors.

"ACT" means the Arizona Limited Liability Company Act, as the same may be amended from time to time.

"Additional Capital Contributions" means any Capital Contributions to the Company other than an Initial Capital Contributions made pursuant to Section 2.1.

"Administration Agreement" means the agreement between a Fund and USA Barcelona Realty Advisors calling for USA Barcelona Realty Advisors to provide management services for the Fund and other Fund Affiliates.

"Advisors" mean those individuals described herein in the section: Management & Advisors to the Company.

"Advisory Agreement" means the contract between the Company and an Affiliate which delineates the duties of the Company and the Company's compensation arrangements with the Affiliate.

"Affiliate" of any specified Person means (i) any Person directly or indirectly controlling, controlled by or under common control with another Person, (ii) any Person owning or controlling 12% or more of the outstanding voting securities of such other Person, (iii) any officer, director, partner of such Person, and (iv) if such other Person is an officer, director or partner, any Company for which such Person acts in any such capacity. For the purposes of this definition, "control" when used with respect to any specified person means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agreed Value" Refer to the Appendix to Exhibit B of the Operating Agreement for definition.

"All Cash" means a purchase of a Hotel where no debt is employed.

"Amendment Date" means the date on the cover page of this Memorandum.

"Bankruptcy Remote Entity" is a term that describes the relative position of one company as it relates to bankruptcy vis-à-vis others within a corporate group, whereby the insolvency of the bankruptcy remote entity has as little economic impact as possible on other entities within the group. A bankruptcy remote entity is often a single-purpose entity. Commercial mortgage loans often require that the properties financed be placed in special limited liability companies or corporations which are bankruptcy remote from their owners, to allow the lender to seize the property in the event of loan payment failures and not be stopped by the owner's filing bankruptcy.

"C Corporation" means a Chapter C corporation in the IRS code and merely refers to a regular, state-formed corporation. A corporation is owned by shareholders and is managed and controlled by the board of directors who elect the president and are responsible for the management and policy decisions of the corporation. The dealings of the corporation are carried out by the officers and employees of the corporation under the authority delegated by the directors of the corporation.

"CAPEX" means reserves set aside for Property improvements, either (i) discretionary on the part of Property owner, or (ii) a standard requirement within a franchise agreement.

"Capital Contribution" means the total amount of cash and the Agreed Value of property contributed to the capital of the Company as an Initial Capital Contribution or an Additional Capital Contribution net of the liabilities secured by such contributed property that the Company is considered to assume or take subject to under Code §752.

"Capital Distribution Event" means an event that will occur from time to time in our business if and when we dispose of one or more of our Fund's assets. We expect that from time to time when we believe that a Fund can realize the best return on its investments, we will sell Properties, assign leases, and sell Fund Properties to others. We anticipate that we will cause the selling Fund to distribute the net proceeds from these transactions to Fund equity-holders.

"Cause" means something that precedes and brings about an effect or a result. A reason for an action or condition. A ground of a legal action. An agent that brings something about. That which in some manner is accountable for a condition that brings about an effect or that produces a cause for the resultant action or state.

"Class A Units" means the 2,000 Class A Units authorized in the Company's Operating Agreement.

"Class B Units" means the 4 Class B Units offered in concert with 4 Series A 12-6-12 Notes, together comprising the 4 Investment Units offered under the Offering, as authorized in the Company's Operating Agreement.

"Code" means the Internal Revenue Code of 1986 (or any successor), as amended from time to time.

"Company" means USA Barcelona Realty Advisors, LLC.

"Operating Agreement" means the Company Operating Agreement, (see Exhibit A, "Operating Agreement").

"Company Budget" means the budget approved from time to time by the Executive Committee.

"Credited Capital" means the Agreed Value credited to a Class A Member's Capital Account in consideration of time, talent and resources provided to the Company in its Pre-Formation and Post-Formation stages for which no cash compensation was paid.

"Cumulative Priority Distribution" means the right of each Class B Member Unit to receive an annual Priority Distribution of \$12,500 payable of 12/31 of each year commencing on 12/31/2013 and as payable at the discretion of the Company and to receive any such Distributions not made in prior periods and the applicable current period prior to any other Class of Member receiving any Distribution.

"Debt" and "Debt Financing" means loans made by banks or other institutions secured by a lien on a Property.

"Debt Service" means the periodic scheduled payment on debt.

"Distribution" means the cash payments made to Unit-holders.

"Effective Date" has the meaning set forth in Section 1.1.

"ERISA" means Employee Retirement Income Security Act.

"Exchange Act" means the Securities Act of 1934. "Properties" means Properties acquired by the Company for a Fund.

"Executive Members" mean Richard Harkins, George T. Simmons, Robert J. Kerrigan and Bruce Orr.

"Exempt Offering" means a securities offering that does not require a registration statement to be filed with the SEC.

"Financing" means any form of capital employed in the purchase of a Fund's Property.

"FINRA" means Financial Industry Regulatory Authority.

"Founder Class A Members" mean Richard Harkins and George T. Simmons.

"Good REIT Income" means the form of income, received by a REIT from an Affiliate, takes the same form as received by the Affiliate for purposes of satisfying the 75% and 95% income tests.

"Hotel Portfolio" means all of the hotels owned directly by a Fund.

"Hotels" means hotels acquired for a Fund and owned by a Fund(s).

"Initial President" means the Company's first appointed President as appointed by the Executive Committee as of the Effective Date.

"Investment Units" means one of four (4) \$250,000 units wherein each unit is comprised of one Series A 12-6-12 Note and one Class B Unit.

"Investment Unit Subscription" means the Investor Questionnaire and Subscription Agreement that is attached to the Memorandum as Exhibit A and is titled "Investor Qualifications and Subscription Agreement".

"IPO" means initial public offering.

"Leverage" has the same meaning as Debt.

"Liquidation Distributions" means Distributions made to Company shareholders at the time of Liquidation of the Company.

"LLC" means Limited Liability Company.

"LLC Units" mean the Class A Units and the Class B Units of the Company.

"Loans" mean loans made by the Company to a Fund during the organization stages of a Fund.

"Manager Managed" means in manager managed LLC, the members, by virtue of being members, do not have authority to manage and operate the business of the limited liability company. Instead, the members elect a President and it is the President who has this authority. Our Operating Agreement has specific rules and processes for the President to follow when managing the LLC. The President has a duty to act in the best interests of the Company.

"Materials" means the Memorandum.

"Maximum Offering" means the \$1,000,000 of Investment Units offered under the Offering.

"Members" mean the Class A Members and the Class B Members of the Company.

"Memorandum" means this Offering Memorandum.

"Minimum Offering" means an amount of an offering that must be sold before the company making the offering can use the Offering Proceeds.

"Net Cash Flow" means the gross cash proceeds from Company operations from whatever source derived, including without limitation gross cash proceeds from the sale, exchange, or other disposition, or refinancing of Company Assets either in or outside the ordinary course of Company business, reduced by such other amounts determined by the Member to be used to pay, or establish reserves for, any other Company expenses, principal and interest payments on Company indebtedness including without limitation, working capital loans but not including Member Loans, capital improvements, replacements, and contingencies, and increased by any reductions of previously established reserves reasonably determined by the Member to no longer need to be held in reserve and to be available for distribution.

"Net Income and Net Loss" of the Company or items thereof shall, for each Company Year or other relevant period of the Company, be an amount equal to the Company's taxable income or loss for such period, as determined for federal income tax purposes in accordance with the accounting method followed by the Company and in accordance with Code §703, and for this purpose, all items of income, gain, loss or deduction required to be separately stated pursuant to Code §703(a)(1) shall be included in taxable income or loss, subject to the following modifications:

- a. Any income of the Company that is exempt from federal income tax, including without limitation, interest income which is exempt from tax under Code §103, and the proceeds of insurance policies which are exempt from income under Code §101, and not otherwise taken into account in computing Net Income and Net Loss pursuant to this definition, shall be added to such taxable income or loss;
- b. Any expenditures of the Company described in Code §705(a)(2)(B), including without limitation, expenses and interest to which Code §265 applies, and insurance premiums which are nondeductible pursuant to Code §264 or treated as Code §705(a)(2)(B) expenditures pursuant to Regulations §1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Net Income or Net Loss pursuant to this definition, including without limitation, syndication expenses, shall be subtracted from such taxable income or loss; and
- c. If the Agreed Value of any Company Asset differs from its adjusted tax basis for federal income tax purposes, Net Income and Net Loss of the Company shall be determined in conformity with this Agreement and applicable Treasury Regulations, by reference to the Depreciation deductions, if any, allowable with respect to such Company Asset, and by the gain or loss attributable to such asset as computed by reference to such Company Asset's Agreed Value and not, if different, by reference to such Company Asset's adjusted tax basis.

"Note Term Date" means the date the principal of the Series A 12-6-12 Notes is due, which date is December 31, 2014.

"Offering" means the 4 Investment Units offered at \$250,000 per Investment Unit.

"Offering Effective Date" means that date which is on the front cover of the Memorandum.

"Offering Period" means that period during which the Investment Units may be offered for sale which is 120 days from the Amendment Date plus an additional 180 days if so determined by the Company.

"Operating Company" means a REIT subsidiary setup to own, or its Affiliates to own, properties.

"Organization Period Reimbursement Payments" means a payment payable to Executive Committee Members and Affiliates which may be paid from Offering Proceeds in the aggregate amount of \$50,000.

"Portfolio Hotel" means a hotel owned by a Fund.

"Post-Formation Period" means the period following the Company's filing of its Articles of Formation which date was November 12, 2010.

"Pre-Formation Period" means that period commencing July 1, 2009 and up to the date the Company filed its formation documents with the State of Arizona which date was November 12, 2010.

"President" means the President of the Company as elected by a majority vote of the Executive Members that are in good standing with the Company.

"Proceeds" means funds raised under the Offering.

"Pro Rata" means, as used herein, an equal amount per Unit within a Class of Units.

"Property LLC" means an LLC that owns one Property.

"Purchasers" mean investors who purchase Investment Units.

"Regulations" mean the regulations promulgated by the Department of the Treasury under the Code. Where followed by the symbol "\$," such reference shall be to the particular section of the Regulations promulgated under the Code. Where preceded by the symbol "\$" and a Code number, such reference shall be to the Regulations promulgated under that particular section of the Code.

"REIT" means Real Estate Investment Trust.

"Reviewed Statements" means a Certified Public Accountant (CPA) conducting the work necessary to obtain a reasonable basis for expressing limited assurance that the financial statements meet the requirements of the US GAAP and are free of material misstatements or false/missing information.

"Roll-Up" means the combination of two or more legal entities into one legal entity.

"Roll-Up IPO" means a public offering of a company's securities conducted to finance a Roll-Up.

"SAM" means Strategic Alliance Manager.

"Securities" mean the Investment Units.

"Securities Offering" means the financial statements resulting from a securities offering that is either (i) exempt from federal registration with the Securities and Exchange Commission and State Securities Commissions, or, (ii) is registered with the Securities and Exchange Commission and/or one or more State Securities Commissions.

"Series A 12-6-12 Note(s)" means the 4 Notes, each in the face amount of \$250,000, that in concert with 4 Class B Member Units, comprise the 4 Investment Units offered under the Offering. The features are:

- Base Interest based on a 12.0% Annual Rate Of Return paid quarterly commencing 3-31-2013.
- Year 1 Bonus Interest is a one-time payment in the amount of 6.0% of the Note amount and is due 12-31-2013.
- Year 2 Bonus Interest is a one-time payment in the amount of 12.0% of the Note amount and is due 12-31-2014.
- Original Face Amount of \$250,000 is due on the Series A 12-6-12 Note Term of 12/31/2014.

"Subscription Agreement" means when an Investment Unit Subscription is accepted by the Company and the Unit-holder's signature is affixed to the Company Articles of Organization.

"Subscription Agreement" and "Investor Questionnaire and Subscription Agreement" means the agreement under which an investor subscribes to acquire the Company's Investment Units.

"Syndicated Investor Class" means the investor(s) who acquire a Fund's securities.

"TRS" means taxable Real Estate Investment Trust (REIT) subsidiary.

"UBTI" means Unrelated Business Taxable Income.

"Unit" and "Units" means a stated increment of value of equity ownership of a company; for the Company, means Units of Class A Member Interest and Class B Member interest.

"Unit-holders" means the holder of any Class A and Class B Units.

"USA Barcelona Realty Advisors" and "USA BRA" means USA Barcelona Realty Advisors, LLC.

"USA BR" means USA Barcelona Realty.

"USA BR OP" means USA Barcelona Realty Operating Partnership.

"USA BR Residential" means USA Barcelona Realty Residential.

"USA BR Hospitality" means USA Barcelona Realty Hospitality.

"USA BR JV and Partnerships" means USA Barcelona Realty JV and Partnerships.

"USA BR TRS" means USA Barcelona Realty Taxable REIT Subsidiary.

"Vendors" means suppliers, attorneys, accountants and other who provide services to the Company.

"Working Capital" means the cash reserves of the Company.

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**ADDITIONAL INFORMATION**

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Prospective Investors may review any materials available to the President relating to the Company, proposed Company operations, and any other relevant matters. You may examine all materials at the office of the Company during normal business hours after reasonable prior notice. You may ask questions and receive answers from Richard Harkins, George T. Simmons, Robert Kerrigan or Bruce Orr concerning the terms and conditions of the Company, and they will obtain any additional information to the extent that the Company possesses such information, or can acquire it without unreasonable effort or expense.

**To request specific additional information, please contact:**

**Richard Harkins**

USA Barcelona Realty Advisors, LLC

7025 N. Scottsdale Road, Suite 160

Scottsdale, Arizona 85253

Phone: 480-625-4355 (for Offering information)

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USA BARCELONA REALTY ADVISORS, L.L.C.

\$1,000,000 OF INVESTMENT UNITS

Offered In Four (4) Investment Units at \$250,000 per Investment Unit

This is copy no. \_\_\_\_\_ of the Private Placement Memorandum dated October 18, 2012 and 1<sup>st</sup> Amended February 1, 2013 and 2<sup>nd</sup> Amended April 29, 2013.

INSTRUCTIONS FOR COMPLETING SUBSCRIPTION DOCUMENTS

The following Subscription Documents are for the use of Investors interested in subscribing for Investment Units ("Investment Units") of USA Barcelona Realty Advisors L.L.C. (the "Company"). Prospective Investors should do all of the following:

Check as each step is completed

1. **COMPLETE** the Investor Questionnaire and Subscription Agreement, as follows:

\_\_\_\_ A. **CHECK** the appropriate Accredited Investor category on page \_\_\_\_ and the "Purchaser Representative" question in Paragraph 2(c).

\_\_\_\_ B. **COMPLETE** all information on pages \_\_\_\_ and \_\_\_\_, including the total principal amount of Investment Units being purchased, and the Purchaser's name, address and social security or tax identification number as they should be reflected on the Company's records.

\_\_\_\_ C. **INITIAL EACH PAGE** of the Investor Questionnaire and Subscription Agreement with the same instrument. Your initials reflect the fact that you have read and understand the Investment Units Investor Questionnaire and Subscription Agreement, particularly the Representations and Warranties in Paragraph 2.

\_\_\_\_ D. **DATE and SIGN** the Investor Questionnaire and Subscription Agreement on page \_\_\_\_\_. If Investment Units will be registered in joint ownership, such as husband and wife, both must sign.

\_\_\_\_ 2. **DELIVER** all documents **TOGETHER WITH PAYMENT** by a certified, cashier's check made payable to USA BARCELONA REALTY ADVISORS in the amount of the cash purchase price for INVESTMENT UNITS being purchased, to:

USA Barcelona Realty Advisors, LLC.  
Attention: Offering Administration  
7025 N. Scottsdale Road, Suite 160  
Scottsdale, Arizona 85253  
Company telephone number is 480-625-4355

3. **YOU WILL RECEIVE:** Upon acceptance of your Investor Questionnaire and Subscription Agreement by the Company, you will receive the following:

- (i) An executed Series A 12-6-12 Note from the Company in the amount of \$\_\_\_\_\_;
- (ii) A copy of your accepted **Investor Questionnaire and Subscription Agreement** which evidences your ownership of \_\_\_\_\_ Class B Unit(s).

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EXHIBIT A - INVESTOR QUESTIONNAIRE AND SUBSCRIPTION AGREEMENT

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USA BARCELONA REALTY ADVISORS, L.L.C.

INVESTMENT UNIT  
INVESTOR QUESTIONNAIRE AND SUBSCRIPTION AGREEMENT

USA Barcelona Realty Advisors, L.L.C.  
7025 N. Scottsdale Road, Suite 160  
Scottsdale, Arizona 85253

Purchaser:

You have informed the undersigned (the "Purchaser") that **USA BARCELONA REALTY ADVISORS, L.L.C.**, an Arizona limited liability company (the "Company") wishes to raise up to One Million Dollars (\$1,000,000) from various persons such as me by selling \$1,000,000 in principal amount of its Investment Units at par in an offering which is designed to comply with Rule 506 of Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act").

I have received, read and understand the materials delivered to me relative to the Company and its business (the "Materials"). I further understand that my rights and responsibilities as a Purchaser will be governed by the terms of this **Investor Questionnaire and Subscription Agreement** and the Offering (collectively, the "Offering"). I understand that you will rely on the following information to confirm that I am an "accredited investor" as defined in Regulation D, and that I am qualified to be a Purchaser. **INVESTMENT UNITS WILL BE OFFERED AND SOLD ONLY TO ACCREDITED INVESTORS.**

**THE INVESTMENT UNITS MAY BE OFFERED AND SOLD BY THE ISSUER ONLY TO ACCREDITED INVESTORS AS DEFINED IN THE SECURITIES ACT. THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR THE ARIZONA CORPORATION COMMISSION, NOR HAVE THEY PASSED UPON THE MERITS OF OR OTHERWISE APPROVED THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

This Investor Questionnaire and Subscription is one of a number of such subscriptions for Investment Units. **By signing this Investor Questionnaire and Subscription Agreement, I offer to purchase from the Company the principal amount of Investment Units set forth below on the terms specified herein.** The Company reserves the right, in its complete discretion, to reject any subscription offer. If my offer is accepted, the Company will execute a copy of this Investor Questionnaire and Subscription Agreement and return it to me.

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1. Accredited Investor. I am an Accredited Investor because I fall within one of the following categories:

Check one or more of the following:

- ☐ \$1,000,000 Net Worth  
A natural person, whose individual net worth or joint net worth with that person's spouse, exclusive of the value of personal residence, exceeds \$1,000,000.
- ☐ \$200,000/\$300,000 Income  
A natural person who had an individual income in excess of \$200,000 (including contributions to qualified employee benefit plans) or joint income with such person's spouse in excess of \$300,000 in each of the two most recent years and who reasonably expects to attain the same individual or joint levels of income (including such contributions) in the current year.
- ☐ President of Issuer  
Any Executive Member of the Company
- ☐ All Equity Owners In Entity Are Accredited  
An entity (i.e. corporation, partnership, trust, IRA, etc.) in which all of the equity owners are Accredited Investors as defined herein.
- ☐ Corporation  
A corporation not formed for the specific purpose of acquiring the Investment Units offered, with total assets in excess of \$5,000,000.
- ☐ Other Accredited Investor  
Any natural person or entity which qualifies as an accredited investor pursuant to Rule 501(a) of Regulation D promulgated under the Act; specify basis for qualification:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. Representations and Warranties. I represent and warrant to the Company that:

(a) I (i) have adequate means of providing for my current needs and possible contingencies, and I have no need for liquidity of my investment in the Investment Units, (ii) can bear the economic risk of losing the entire amount of my investment in Investment Units, and (iii) have such knowledge and experience that I am capable of evaluating the relative risks and merits of this investment.

(b) The address set forth below is my correct residence, and I have no present intention of becoming a resident of any other state or jurisdiction.

(c) I have \_\_\_\_, have not \_\_\_\_, utilized the services of a "Purchaser Representative" (as defined in Regulation D promulgated under the Securities Act).

(d) I have received and read, and am familiar with the Offering Memorandum. All documents, records and books pertaining to the Company and the Investment Units requested by me, including all pertinent records of the Company, financial and otherwise, have been made available or delivered to me.

(e) I have had an opportunity to ask questions of and receive answers from the Company's President and its representatives concerning the Company's affairs generally and the terms and conditions of my proposed investment in the Investment Units.

(f) I understand the risks implicit in the business of the Company. Among other things, I understand that the Company was recently formed to act as the Advisor to one or more REIT's and/or Funds. The Company

has a limited history of operations, and there can be no assurance that the Company will be successful in obtaining adequate funds or establishing profitable operations. If any principal amount of Investment Units is sold, the Company will have immediate use of my funds, and Proceeds of this offering may not be sufficient for the Company's long-term needs.

(g) I further understand that the Company's sole business will be to act as the Advisor to one or more REIT's and/or Funds, and that the Company's business involves substantial risks, including those set forth under "Risk Factors" in the Offering.

(h) Other than as set forth in the Offering, no person or entity has made any representation or warranty whatsoever with respect to any matter or thing concerning the Company and this Offering and I am purchasing the Investment Units based solely upon my own investigation and evaluation.

(i) I understand that no Investment Units have been registered under the Securities Act, nor have they been registered pursuant to the provisions of the securities or other laws of applicable jurisdictions. Unless my Investment Units are registered under the Act or the Securities Exchange Act of 1933, I may re-offer or resell my Investment Units only to Accredited Investors or pursuant to an exemption from registration.

(j) The Investment Units for which I subscribe are being acquired solely for my own account, for investment and are not being purchased with a view to or for their resale or distribution. In order to induce the Company to sell Investment Units to me, the Company will have no obligation to recognize the ownership, beneficial or otherwise, of the Investment Units by anyone but me.

(k) I am aware of the following:

(i) The Investment Units are a speculative investment that involves a high degree of risk;

(ii) My interest in the Investment Units is not readily transferable; it may not be possible for me to liquidate my investment;

(iii) No financial statements of the Company have been compiled, reviewed or audited by independent certified public accountants, but have merely been prepared by management of the Company; and

(iv) No federal or state agency has made any finding or determination as to the fairness of the Investment Units for investment nor any recommendation or endorsement of the Investment Units.

(l) Except as set forth in the Offering, no person has ever represented, guaranteed, or warranted to me expressly or by implication, the approximate or exact length of time that I will be required to hold the Investment Units.

(m) I agree to indemnify the Company, and hold the Company harmless from and against any and all liability, damage, cost or expense incurred on account of or arising out of:

(i) Any inaccuracy in the declarations, representations, and warranties set forth above;

(ii) Any disposition of any of the Investment Units by me which is contrary to the foregoing declarations, representations and warranties; and

(iii) Any action, suit or proceeding based upon (A) the claim that such declarations, representations, or warranties were inaccurate or misleading or otherwise cause for obtaining damages or redress from the Company; or (B) the disposition of any of the Investment Units.

The foregoing representations and warranties are true as of the date hereof, shall be true and accurate as of the date of the delivery of the funds to the Company and shall survive such delivery. If, in any respect, such representations and warranties are not true and accurate prior to delivery of the funds, I will give written notice of that fact to the Company, specifying which representations and warranties are not true and accurate and the reasons therefore.

3. Transferability. I understand that I may sell or otherwise transfer my Investment Units only: (a) in

compliance with paragraph E of Rule 140; (b) if registered under the Securities Act; or (c) with the favorable opinion of counsel to the Company to the effect that such sale or other transfer may be made in the absence of registration under the Securities Act. I have no right to cause the Company to register the Investment Units. Any certificates or other documents representing my Investment Units will be contain a restrictive legend reflecting this restriction as set forth in the bold legend on the first page of this **Investor Questionnaire and Subscription Agreement**, and stop transfer instructions will apply to my Investment Units.

4. Indemnification. I understand the meaning and legal consequences of the representations and warranties contained in Paragraph 2 above, and I will indemnify and hold harmless the Company, its officers, directors and representatives involved in the offer or sale of the Investment Units to me, as well as each of the managers and representatives, employees and agents and other controlling persons of each of them, from and against any and all loss, damage or liability due to or arising out of a breach of any representation or warranty of mine contained in this Investor Questionnaire and Subscription Agreement .

5. No Revocation. I will not cancel, terminate or revoke this **Investor Questionnaire and Subscription Agreement**, and this **Investor Questionnaire and Subscription Agreement** shall survive my death or disability.

6. Termination of Subscription Agreement. If this subscription is rejected by the Company, then this **Investor Questionnaire and Subscription Agreement** shall be null and void, no party shall have any rights against any other party hereunder, and the Company shall promptly return to me the funds delivered with this **Investor Questionnaire and Subscription Agreement**.

7. Miscellaneous.

(a) This **Investor Questionnaire and Subscription Agreement** shall be governed by and construed in accordance with the substantive law of the State of Arizona.

(b) This **Investor Questionnaire and Subscription Agreement** constitutes the entire Agreement between the parties hereto with respect to the subject matter hereof and may be amended only by a writing executed by all parties.

8. Ownership Information. Please print here the total principal amount of Investment Units to be purchased, and the exact name(s) in which the Investment Units will be registered:

TOTAL PRINCIPAL AMOUNT: \$ \_\_\_\_\_

NAME(S): 1) \_\_\_\_\_

2) \_\_\_\_\_

SOCIAL SECURITY #(S): 1) \_\_\_\_\_

2) \_\_\_\_\_

Ownership shall be taken in the Investment Units as follows:

- ☐ Single Person
- ☐ Husband and Wife, as community property
- ☐ Joint Tenants (with right of survivorship)
- ☐ Tenants in Common
- ☐ A Married Person as separate property
- ☐ Corporation or Other Organization
- ☐ A Partnership
- ☐ Trust
- ☐ IRA
- ☐ Tax-Qualified Retirement Plan

- (i) Trustee(s)/Custodian \_\_\_\_\_
- (ii) Trust Date \_\_\_\_\_
- (iii) Name of Trust \_\_\_\_\_
- (iv) For the benefit of \_\_\_\_\_

☐ Other: \_\_\_\_\_  
(Please Explain)

RESIDENCE ADDRESS:

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City State Zip

MAILING ADDRESS: (Complete only if different from residence)

\_\_\_\_\_  
Street Address (If P.O. Box, include address for surface delivery if different than residence)

\_\_\_\_\_  
City State Zip

PHONE: Home: ( ) \_\_\_\_\_  
Business: ( ) \_\_\_\_\_  
Facsimile: ( ) \_\_\_\_\_

9. Date and Signatures.

Dated \_\_\_\_\_, 201\_\_.

Purchaser Signatures:

Purchaser Name: (Print)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(Each co-owner or joint owner must sign. Names must be signed exactly as listed under Purchaser Name)

For Company Use

ACCEPTED:

USA BARCELONA REALTY ADVISORS, L.L.C.

By: \_\_\_\_\_

Its: \_\_\_\_\_

DATED: \_\_\_\_\_, 201\_\_



**SPECIMEN DOCUMENT – NOT FOR EXECUTION**

**USA BARCELONA REALTY ADVISORS, L.L.C.**

**Series A 12-6-12 Note  
PROMISSORY NOTE**

*This Series A 12-6-12 Note in concert with Class B Units in USA Barcelona Realty Advisors comprise an Investment Unit(s) that has been acquired under the Private Placement Offering Memorandum dated October 18, 2012 and 1<sup>st</sup> Amended February 1, 2013 and 2<sup>nd</sup> Amended April 29, 2013, to which Payee subscribed to acquire \_\_\_\_\_ Investment Units thereby Payee is acquiring \_\_\_\_\_ Series A 12-6-12 Notes.*

**FOR VALUE RECEIVED**, USA BARCELONA REALTY ADVISORS, L.L.C., an Arizona limited liability company ("Maker") promises to pay to the order of \_\_\_\_\_ ("Payee"), at the mailing address of Payee, or at such other place as the holder may from time to time designate, the principal sum of \_\_\_\_\_ Thousand Dollars (\$\_\_\_\_\_), together with interest on the unpaid amount of such sum at the Interest Rate (as defined below).

1. **Payments and Interest Rate** - The Series A 12-6-12 Note will earn interest at a twelve percent (12%) annual interest rate. Interest will accrue from the date of issuance, and will be paid as follows:

- (a) Interest will be paid quarterly and shall be based on a 12% annual rate; however, the initial interest payment shall be due and payable on 3-31-2013 with interest due and payable quarterly thereafter through the term date of the Note.
- (b) A Year 1 Bonus Interest payment in the amount of 6% of the Note amount shall be paid on 12-31-2103;
- (c) A Year 2 Bonus Interest payment in an amount equal to 12% of the Note amount shall be payable on 12-31-2014; and,
- (d) Principal, any earned and unpaid Interest shall be paid on or before 12-31-2014 (the "Note Term Date"). The principal amount of the Note may be paid at any time prior to the Note Term Date, either in whole or in part, without penalty, at which time all interest due to the date of said principal payment, shall be due and payable. Any principal reduction payments made on the Series A 12-6-12 Note must be made on a pro rata basis to all holders of the Series A 12-6-12 Note.

2. **Default.** The failure by Maker to pay principal and interest due under this Series A 12-6-12 Note in accordance with its terms shall constitute an Event of Default. Upon the occurrence of any Event of Default, the Payee may exercise any and all rights and remedies available at law or in equity.

3. **Owner: Corporate Liability Only.** The Maker may treat the Payee as the owner of this Series A 12-6-12 Note for any purpose whether or not this Series A 12-6-12 Note is overdue, and neither the Maker nor any such agent shall be affected by notice to the contrary. No recourse shall be had for the payment of principal or interest on this Series A 12-6-12 Note, or for any claim based on this Series A 12-6-12 Note, against any Member or President of the Maker.

4. **Attorneys' Fees.** Maker, any endorsers, guarantors, sureties, or accommodation parties, and all other persons liable or to become liable on this Series A 12-6-12 Note, jointly and severally agree to pay all fees and costs incurred in connection with the collection of the amounts due and owing under this Series A 12-6-12 Note, including attorneys' fees and all costs.

5. **Governing Law and Severability.** This Series A 12-6-12 Note is made pursuant to, and shall be construed and governed by, the laws of the State of Arizona. Maker submits to the exclusive jurisdiction of the courts of Maricopa County, Arizona. If any provision of this Series A 12-6-12 Note is construed or interpreted by a court of competent jurisdiction to be void, invalid or unenforceable, such determination shall affect only those provisions so construed or interpreted and shall not affect the remaining provisions of the Series A 12-6-12 Note.

6. **Time of Essence.** Time is of the essence of this Series A 12-6-12 Note.

7. Notices. All notices under this Series A 12-6-12 Note shall be in writing and shall be deemed delivered upon personal delivery to the authorized representatives of either party or 48 hours after being sent by certified mail (registered mail if to an address outside of the United States), return receipt requested, postage prepaid, addressed to the respective parties at the addresses set forth below.

8. Waiver. Maker for itself and for its successors, transferees and assigns, hereby waives presentment and demand for payment, protest, notice of protest and nonpayment. Maker agrees that this Series A 12-6-12 Note and any or all payments coming due hereunder may be extended or renewed from time to time without in any way affecting or diminishing Maker's liability under this Series A 12-6-12 Note.

IN WITNESS WHEREOF, Maker has executed this Series A 12-6-12 Note as of the date set forth below.

"MAKER"

USA BARCELONA REALTY ADVISORS, L.L.C.

By: \_\_\_\_\_

Its: \_\_\_\_\_

Dated: \_\_\_\_\_

Address:  
7025 N. Scottsdale Road, Suite 160  
Scottsdale, Arizona 85253

ADDRESS OF PAYEE:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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EXHIBIT B - OPERATING AGREEMENT

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AMENDED AND RESTATED  
OPERATING AGREEMENT  
OF  
USA BARCELONA REALTY ADVISORS, LLC

THIS AMENDED AND RESTATED OPERATING AGREEMENT (this "Agreement") is made and entered into effective as of April 25, 2013 (the "Effective Date"), by and among USA Barcelona Realty Advisors, LLC (f/k/a Barcelona Administration Company, LLC), an Arizona limited liability Company (the "Company"), those Persons listed on Schedule 1 hereto, as the members of the Company, and each of Richard C. Harkins, George T. Simmons, Bruce Orr and Robert J. Kerrigan, as the managers of the Company acting as the Executive Committee. This Agreement amends and restates in its entirety the Operating Agreement of the Company dated as of March 29, 2013.

ARTICLE I  
FORMATION, NAME, PURPOSE

1.1 Formation. The Company was duly formed by the filing of the Articles of Organization (the "Articles") with the Arizona Corporation Commission under the Act on November 12, 2010. The Executive Committee shall cause articles of amendment to the Articles to be filed with the Arizona Corporation Commission from time to time.

1.2 Intent. It is the intent of the Members that the Company shall always be operated in a manner consistent with its treatment as a "partnership" for federal and state income tax purposes. It is also the intent of the Members that the Company not be operated or treated as a "partnership" for purposes of Section 303 of the federal bankruptcy code. No Member shall take any action inconsistent with the express intent of the parties hereto.

1.3 Name. The name of the Company is USA Barcelona Realty Advisors, LLC. The Company's name was changed from Barcelona Administration Company, LLC to USA Barcelona Realty Advisors, LLC and filed articles of amendment to the Articles with the Arizona Corporation Commission on March 29, 2013.

1.4 Known Place of Business. The known place of business of the Company shall be at 7025 North Scottsdale Road, Suite 160, Scottsdale, Arizona 85253. The known place of business may be changed to any other place within the State of Arizona at the discretion of the Executive Committee.

1.5 Purpose.

(a) The Company has been formed to be the advisor to a series of private funds (each, a "Fund") and their respective Affiliates to investment in hotels, apartment communities and other income-producing real estate, and may operate Funds as real estate investment trusts ("REITs").

(b) Except as otherwise provided in this Agreement, without the unanimous consent of all Members, the Company shall not engage in any other activity or business, and no Member acting in the Member's capacity as a Member or Executive Member, if applicable, shall have any authority to obligate the Company or any other Member, or to hold itself out as a Member or Executive Member of the Company, with respect to any transaction or activity other than those entered into or carried out within the scope and business purpose of the Company as provided in Section 1.5(a) above.

1.6 Term. This Company commenced upon the filing of its Articles of Organization with the Arizona Corporation Commission, and shall continue until such time as it shall be terminated under the provisions of Article X below.

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1.7 Member. The name and address of each Member of this Company are set forth on Schedule 1 hereto, as such schedule may be amended from time to time pursuant to this Agreement.

1.8 Agent for Service of Process. The name and business address of the agent for service of legal process on the Company in Arizona is National Registered Agents Inc., 300 West Clarendon Avenue #230, Phoenix, Arizona 85013. The Company's agent for service of legal process may be changed at the discretion of the Executive Committee.

1.9 Definitions. Capitalized words and phrases used but not defined in this Agreement shall have the meanings set forth in Appendix A.

## ARTICLE II

### CAPITALIZATION OF THE COMPANY; LOANS; FEES AND OTHER PAYMENTS DUE AFFILIATES

#### 2.1 Issued Units: Authorized.

(a) The Company is authorized to issue up to two thousand (2,000) Class A Units and four (4) Class B Member Units. The Executive Committee has approved the issuance of the Class A Units and Class B Units to the Members and in the amounts shown on Schedule 1, and the Company is authorized to issue additional Class A Units and Class B Units upon the approval of the Executive Committee.

(b) Class A Units and Class B Units shall have the rights, preferences and privileges set forth herein. Furthermore, the Executive Committee may adopt, from time to time, a resolution or resolutions providing for the issuance of additional Units, in one or more classes, with such powers, designations, preferences, and privileges, and qualifications, limitations or restrictions thereof as shall be set forth in the resolution or resolutions adopted by the Executive Committee. Schedule 1 shall be amended from time to time to reflect the addition of new Members and any adjustments of the Membership Interests.

#### 2.2 Initial Capital Contributions.

(a) Each Class A Member has made the initial Capital Contributions to the Company set forth on Schedule 1. In exchange for each Class A Member's initial Capital Contribution to the Company, such Class A Members were issued Units in the amounts shown on Schedule 1, subject to adjustment as set forth in this Agreement.

(b) Each Class B Member was issued the Class B Unit(s) in the amounts shown on Schedule 1 in conjunction with Series A 12-6-12 Note(s) in connection with a Private Placement Offering made pursuant to a Private Placement Memorandum dated October 18, 2012 and amendments thereto, if any (the "Series A 12-6-12 Notes").

2.3 Additional Capital Contributions. Members (excluding the Class B Members) shall make Additional Capital Contributions to the Company at the times and in the amounts as shall be determined by the Executive Committee.

#### 2.4 Credits To Capital Accounts.

(a) Capital Accounts. An individual Capital Account will be established and maintained for each Member on the books of the Company.

(b) Organization Services. Richard C. Harkins and George T. Simmons shall have credited to their Capital Accounts an aggregate amount of \$500,000 for services rendered to the Company pertaining to the organization of the Company as follows:

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<i>Member</i>	<i>Amount of Capital Account Credit</i>
<i>Richard C. Harkins</i>	<i>\$400,000</i>
<i>George T. Simmons</i>	<i>\$100,000</i>

(c) Other Authorized Payments And Fees. Richard C. Harkins and George T. Simmons may elect to have amounts due to them under agreements between them and the Company, other than credits to their respective Capital Accounts under Section 2.4(b) above classified as Executive Member Loans.

2.5 Executive Member Loans. If the Executive Committee determines that the business of the Company requires funds, in addition to the capital contributed by the Members, the Company may borrow money from the Executive Members, and the Executive Members may make one or more loans to the Company to enable the Company to meet its obligations ("Executive Member Loans"). The Company shall repay Executive Member Loans from the Net Cash Flow of the Company as otherwise allowed under this Agreement. Executive Member Loans shall be repaid in chronological order of their respective origination dates beginning with the earliest origination date. The Executive Member Loans will bear an annualized 12% rate of interest.

2.6 Member Loans. If the Executive Committee determines that the business of the Company requires funds, in addition to the capital contributed by the Members and any Executive Member Loans, the Company may borrow money from the Members, and the Members may make one or more loans to the Company to enable the Company to meet its obligations ("Member Loans"). If the Executive Committee decides to seek third-party loans for such additional amounts, and such loans cannot be obtained by the Company from one or more lenders (other than the Executive Members) under terms and conditions unanimously acceptable to the Executive Committee, then the Company shall allow any Member to make a Member Loan to the Company. The Executive Committee shall give notice to the Members, setting forth the amount of funds needed, the proposed use of the funds, and the timing for funding. No Member shall be obligated to make any loan or advance to the Company, or to personally guarantee any loan or other obligation of the Company, without such Member's consent, which consent may be withheld in the Member's sole and absolute discretion.

2.7 Withdrawal or Return of Capital Contributions. Except as otherwise expressly provided for in this Agreement: a) no part of the Capital Contributions of any Member may be withdrawn except as otherwise approved in writing by all Non-Defaulting Members, and b) no Member shall be entitled to demand or to receive property other than cash in return for its Capital Contributions to the Company.

2.8 No Interest Earned on Company Capital. Interest earned on Company funds shall inure to the benefit of the Company, and no Member shall be entitled to receive interest on funds contributed as a Capital Contribution.

2.9 Provisions Not for Benefit of Creditors. The foregoing provisions of this Article II are not intended to be for the benefit of any creditor or other Person, and no such creditor or other Person shall obtain any right under any such foregoing provision against the Company or any Member by reason of any debt, liability or obligation or otherwise.

### ARTICLE III ALLOCATIONS

3.1 Allocation of Net Income and Net Loss. After giving effect to the allocations set forth in Section 3.2, Net Income and Net Loss shall be allocated as follows:

(a) Net Income. Net Income for the Fiscal Year shall be allocated in the following order and priority:

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(1) First, to the Members until the aggregate Net Income allocated pursuant to this Section 3.1(a)(1) for all Fiscal Years equals the aggregate Net Loss allocated (in the same amounts, but in reverse order) to the Member pursuant to Section 3.1(b)(1) and Section 3.1(b)(2).

(2) Second, to the Members according to their Capital Accounts.

(b) Net Loss. Net Loss for the Fiscal Year shall be allocated in the following order and priority:

(1) First, to the Members until the aggregate Net Loss allocated pursuant to this Section 3.1(b)(1) for all Fiscal Years equals the aggregate Net Income allocated to the Member pursuant to Section 3.1(a) in the same amounts but in the reverse order of priority.

(2) Second, to the Members according to their Capital Accounts.

### 3.2 Tax Allocation Provisions:

(a) Allocations of Certain Tax Items. If any asset contributed to the Company is subject to the provisions of Code §704(c), the Members' distributive shares of income, gain, loss and deduction as computed for federal income tax purposes with respect to such asset shall be determined in accordance with Code §704(c) by reference to the Members' distributive shares of the corresponding book items with respect to such asset, as determined under this Article III, Code §704(b) and Regulations §1.704-1(b)(1)(vi). If Code §704(c) is not applicable, depreciation, amortization or other cost recovery and gain or loss as computed for federal income tax purposes, with respect to any Company Asset ("Company Asset") which has an Agreed Value ("Agreed Value") greater or lesser than its adjusted tax basis, shall be allocated among the Members in a manner that takes into account the variation between the adjusted tax basis and the Agreed Value of such asset in the same manner as variations between the adjusted tax basis and Fair Market Value ("Fair Market Value") of property contributed to the Company are taken into account in determining the Members' share of tax items under Code §704-(c), as required by Regulations §1.704-1(b)(2)(iv)(f)(4) and Regulations §1.704-1(b)(4)(i).

(b) Nonrecourse Deductions: Minimum Gain Charge-back:

(1) Allocation of Nonrecourse Deductions. Nonrecourse Deductions ("Nonrecourse Deductions") for any Fiscal Year or other period shall be specially allocated to the Members in the same proportion that Net Income and Net Loss are allocated to them.

(2) Allocation of Members Nonrecourse Deduction. Members Nonrecourse Deductions shall be allocated to the Members to whom the Members Nonrecourse Debt ("Members Nonrecourse Debt") is attributable in accordance with Regulations §1.704-2, and any loss or deduction attributable to such Members Nonrecourse debt shall not be treated as a Nonrecourse Deduction under provisions of this Agreement.

(3) Minimum Gain Chargeback. Notwithstanding anything herein to the contrary, if in any Fiscal Year there is a net decrease in Company Minimum Gain ("Company Minimum Gain") for such year and, if necessary, for subsequent years, each Members shall be allocated in accordance with Regulations §1.704-2(f), items of Company income and gain, as computed by reference to the adjusted Agreed Values of Company Assets for such year and, if necessary, for subsequent years, in proportion to, and to the extent of, that Member's share of the net decrease in the Company Minimum Gain within the meaning of Regulations §1.704-2(g)(2). If Members Nonrecourse Deductions have been allocated to a Members pursuant to Section 3.2(b)(2), Members Nonrecourse Debt Minimum Gain shall be charged back to such Members having a share of Members Nonrecourse Debt Minimum Gain ("Members Nonrecourse Debt Minimum Gain") in accordance with Regulations §1.704-2(i)(4) in any Fiscal Year and, if necessary, subsequent years, in which there has been a net decrease in Members Nonrecourse Debt Minimum Gain.

This Section 3.2(b) is intended to comply with the minimum gain chargeback requirement of Regulations §1.704-2(f) and (i)(4) and shall be interpreted in a manner consistent with such Treasury Regulations.

(c) Gross Income Allocation. In the event any Members has a deficit Capital Account at the end of any Fiscal Year that is in excess of the sum of (i) the amount such Members is obligated to restore pursuant to any provision of this Agreement, and (ii) the amount such Members is deemed to be obligated to restore pursuant to the penultimate sentences of Sections 1.704-2(g)(1) and 1.704-2(i)(5) of the Regulations, such Members shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 3.2(c) shall be made only if and to the extent that such Members would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Section 3.2 have been tentatively made as if this Section 3.2(c) were not in the Agreement.

(d) Curative Allocations:

(1) The "Regulatory Allocations" consist of the "Basic Regulatory Allocations," as defined in Section 3.2(d)(2) hereof and the "Nonrecourse Regulatory Allocations," as defined in Section 3.2(d)(3) hereof.

(2) The "Basic Regulatory Allocations" consist of the allocations pursuant to this Section 3.2(d)(2). Notwithstanding any other provision of this Agreement other than these Regulatory Allocations, the Basic Regulatory Allocations shall be taken into account in allocating items of income, gain, loss and deduction among the Members so that, to the extent possible, the net amount of such allocations of other items and the Basic Regulatory Allocations to the Members shall be equal to the net amount that would have been allocated to each such Members if the Basic Regulatory Allocations had not occurred.

(3) The "Nonrecourse Regulatory Allocations" consist of all allocations pursuant to this Section 3.2(d)(3). Notwithstanding any other provision of this Agreement, other than these Regulatory Allocations, the Nonrecourse Regulatory Allocations shall be taken into account in allocating items of income, gain, loss and deduction among the Members so that, to the extent possible, the net amount of such allocations of other items and the Nonrecourse Regulatory Allocations to the Members shall be equal to the net amount that would have been allocated to the Members if the Nonrecourse Regulatory Allocations had not occurred. For purposes of applying the foregoing sentence: (a) no allocations pursuant to this Section 3.2(d)(3) shall be made prior to the Fiscal Year during which there is a net decrease in Company Minimum Gain, and then only to the extent necessary to avoid any potential economic distortions caused by such net decrease in Company Minimum Gain, and (b) allocations pursuant to this Section 3.2(d)(3) shall be deferred with respect to allocations pursuant to Section 3.1(b)(1) hereof to the extent the President reasonably determines that such allocations are likely to be offset by subsequent allocations pursuant to Section 3.2(b)(3) of this Agreement.

(4) The President shall have reasonable discretion, with respect to each Fiscal Year, to: (a) apply the provisions of Section 3.2(d)(2) and Section 3.2(d)(3) hereof in whatever order is likely to minimize the economic distortions that might otherwise result from the Regulatory Allocations; and (b) divide all allocations pursuant to Section 3.2(d)(2) and Section 3.2(d)(3) hereof among the Members in a manner that is likely to minimize such economic distortions.

(5) In any Fiscal Year that the Company has a net decrease in Company Minimum Gain, if the minimum gain chargeback requirement under Section 3.2(b)(3) hereof would cause a distortion in the economic arrangement among the Members, and it is not expected that there will be a sufficient amount of other Company income to correct that distortion, the Company shall apply, pursuant to Regulations §1.704-2(f)(4), to the Internal Revenue Service for a waiver of the minimum gain chargeback requirement under Regulations §1.704-2(f)(1).

#### ARTICLE IV DISTRIBUTIONS

4.1 Distribution of Net Cash Flow. Except as otherwise provided in Article IV, as soon as practicable after the end of each quarter of the Fiscal Year, and, as to year-end distributions, in no event later than ninety (90) days after the end of each Fiscal Year, the Company shall distribute and apply the Net Cash Flow for the previous quarter in the following order of priority:

(a) First, \$12,500 for each Class B Unit, or a proportionate amount for a lesser percentage of a Class B Unit held by a Class B Member, to Class B Members.

(b) Second, 100% (or such lesser amount as is required) to pay all accrued but unpaid interest on outstanding Executive Member Loans and Member Loans.

(c) Third, 100% (or such lesser amount as is required) to repay the principal of any outstanding Executive Member Loans and Member Loans.

(d) Fourth, 100% to the Members in proportion to the unreturned balance of their respective Capital Accounts until the Members receive aggregate distributions under this Section 4.1(d) that reduce the balances of the Members' respective Capital Accounts to zero.

(e) Fifth, the remaining Net Cash Flow on a pro rata basis to the Members based on their respective ownership percentage of the Company.

4.2 Income Tax Advances. The Company will advance to each Member, to the extent of available cash and without borrowing additional funds, an amount equal to the federal and state income taxes that would be payable by such Members as a result of the recognition of Company income by such Member, to the extent such Member has not received distributions pursuant to Section 4.1 for any taxable year sufficient to pay such income taxes. All advances pursuant to this Section 4.2 will be loans from the Company to the Members receiving such advances, will bear interest at the annual rate of twelve percent (12%), and will be repaid out of the next available distributions to such Members pursuant to Section 4.1.

#### ARTICLE V RIGHTS AND OBLIGATIONS OF MEMBERS

5.1 Limitation of Liability for Company Obligations. Except as otherwise provided in the Act, no Member shall be personally liable for the debts, obligations and liabilities of the Company whether arising in contract or tort, under a judgment, decree or order of a court or otherwise.

5.2 Authority of Members. No Member shall take part in the control of management of the Company's business except to the extent of the rights and powers of a Member provided under this Agreement. Unless a Member is an Executive Member, or is delegated the authority of an officer as set forth in Section 6.3, no Member, agent or employee of the Company shall have any power or authority to bind the Company in any way, to pledge its credit, or to render it liable for any purposes. The Members' voting rights are limited to the following:

(a) Except as otherwise provided in this Agreement, each Class A Member shall be entitled to cast one vote for each Class A Unit held on any proposed action by the Company that if implemented would materially diminish a Class A Member's Membership Interests in the Company. A vote of the Majority-in-Interest of the Class A Members entitled to vote under this Section 5.2(a) is required to approve any such proposed action.

(b) Each Class B Member shall each be entitled to cast one vote for each Class B Unit held on any proposed action by the Company that if implemented would materially diminish a Class

B Member's Membership Interests in the Company. A vote of the Majority-in-Interest of the Class B Members entitled to vote under this Section 5.2(b) is required for approval of any such proposed action.

5.3 Other Activities of the Members. No Member shall be required to devote his, her or its whole time or any specified time to that Person's duties under this Agreement, provided, however, that the Executive Members shall devote as much time to the Company's business and affairs as is reasonably necessary to achieve the purpose of the Company and to discharge such Executive Members' respective duties and responsibilities set forth herein. The Members may engage in other businesses and activities of every nature and description, independently or with others, specifically, any such Person may engage in the real estate business in all its aspects, which shall include, without limitation, the construction, ownership, operation, management, syndication, development, marketing and sales of all types of real estate, any or all of which may be in competition with the business of the Company, and neither the Company nor any Member shall by reason of this Agreement have any rights in any such ventures or in the income or profits derived from such business, and no such Member shall be liable to the Company or any other Member as a result of any such business.

5.4 Compensation. Except as otherwise set forth in this Agreement, no Member shall be entitled to receive any salary or other compensation for services rendered in his, her or its capacity as an Executive Member or Member or on behalf of or to the Company.

5.5 Meetings and Minutes.

(a) Call and Place. Meetings of the Members, or a specific class of Members, for any purpose or purposes, may be called by either a Majority-In-Interest of a class of Members or the Executive Committee by giving written notice to the Members, or a specific class of Members, in the manner provided in Section 5.5(b). Meetings may be held at any place within or without the Arizona as determined by the Executive Committee. The Members may participate in a meeting of the Members by means of conference telephone or similar communications equipment, by means of which all persons participating in the meeting can hear one another, and such participation will constitute presence in person at the meeting.

(b) Notice. Notice of a meeting of the Members, unless waived by attendance at the meeting or by written consent, must be given by written notice at least fourteen (14) days before the date of the meeting, or hand delivered, emailed or sent by facsimile at least ten (10) days before the date of the meeting. Such notice must state the purpose of the meeting and the matters to be acted upon.

(c) Waiver of Notice. Attendance of a Member at a meeting constitutes waiver of notice of the meeting; provided, however, that no such waiver will occur if the Member objects at the beginning of the meeting because the meeting is not lawfully called or convened; and provided further, that attendance at a meeting is not a waiver of any right to object to the consideration of any matters required to be included in the notice of the meeting, but not so included, if the objection is expressly made at the meeting.

(d) Quorum. The presence of a Majority-In-Interest of Members, represented in person or by proxy, will constitute a quorum at a meeting of the Members.

(e) Voting. Class A Members and Class B Members voting rights are limited to the following:

- (i) The Class A Members shall each be entitled to cast one vote on any proposed action by the Company that if implemented would materially diminish the Class A Members' economic rights. A vote of the Majority-In-Interest of the Class A Members is required for any such approval.

- (ii) The Class B Members shall each be entitled to cast one vote on any proposed action by the Company that if implemented would materially diminish the Class B Members economic rights. A vote of the Majority-In-Interest of the Class B Members is required for any such approval.

As a result of the limited voting rights of Class A Members and Class B Members, the Executive Members have control of the Company through their exclusive right to approve all Major Decisions (as defined in Section 6.4 below).

(f) Majority Vote Required for Action. With respect to any matter upon which the Members are requested to vote or to give their consent for which the required vote for approval is not otherwise specified in this Agreement, such matter will be considered approved upon the affirmative vote of a Majority-In-Interest.

(g) Conduct. At any meeting of the Members, the Executive Committee may adopt such rules for the conduct of the meeting as they deem appropriate.

5.6 Action Without a Meeting. Any action that may be taken at a meeting of the Members, requiring a vote of a class of Members entitled to vote thereon, may be taken without a meeting if a Majority-In-Interest so agree in writing, and a consent in writing setting forth the action so taken is signed by a Majority-In-Interest of the class of Members entitled to vote thereon. Any action that may be taken at a meeting of the Executive Members requiring a vote of the Executive Members may be taken without a meeting if all of the Executive Members so agree in writing, and a consent in writing setting forth the action so taken is signed by all of the Executive Members.

5.7 No Delay. Each Member agrees not to unreasonably delay its response to any action or decisions proposed by the other Members, requiring approval by a Majority-In-Interest, and each Member agrees to make itself available at reasonable times and on reasonable notice.

5.8 Restrictions on Withdrawal. No Member may withdraw from the Company unless such withdrawal is approved in the same manner as a permitted Transfer of a Membership Interest in accordance with the provisions of Section 9.2(a). Any Member withdrawing in violation of this provision shall be treated in the same manner as a Defaulting Member and be immediately expelled in accordance with Section 7.7. The occurrence of a Withdrawal Event with respect to a Member shall not result in the dissolution of the Company, and the Executive Committee and remaining Members shall have the right to continue the Company.

## ARTICLE VI MANAGEMENT

6.1 Management of the Company. Subject to the approval requirements for Major Decisions, the right, authority and duty to manage, control and conduct the business and affairs of the Company shall be vested in the President, and such other officers who may be named by the Executive Committee. The President, and such other Persons to whom such authority and duties are delegated, are sometimes referred to in this Agreement as "Proper Officers". The Proper Officers, in connection with the management of the Company's business, shall have any and all rights and powers of a manager under the Act, all of the rights and powers which are necessary for or convenient or incidental to the accomplishment of the Company's purpose and the conduct of the Company's business. The Executive Committee shall be comprised of no fewer than three members, each of whom shall be referred to as an executive member (the "Executive Members"). As of the date of the Agreement, the Executive Members are Richard C. Harkins, George T. Simmons, Robert Kerrigan and Bruce Orr. The Executive Members shall hereafter be elected to the Executive Committee by vote of a majority of the Executive Members. Each Executive Member shall have one vote. Unless otherwise provided in the Agreement, the vote of a majority of the Executive Committee shall determine the decisions of the Executive Committee. The decisions of the Executive Committee shall be made in the best interest of the Company. If the Executive Committee is deadlocked on any issue after at least two rounds of voting, the President of the Company,

if any, shall have an additional, tie-breaking vote to resolve the deadlock. Unless otherwise provided in this Agreement, all actions, approvals and other authorizations of the Executive Members may be undertaken only by Proper Officers or Managers elected by the Executive Committee who will have sole authority to manage, control and conduct the business and affairs of the Company, as provided in this Article VI.

6.2 Vacancy; Removal of Executive Members. In the event of a vacancy on the Executive Committee, a new Executive Member shall be elected by a majority of the remaining Executive Members. Any or all of the Executive Members may be removed for Cause at any time upon vote of a Majority-in-Interest of the Members and no Executive Member in his capacity as a Member shall be entitled to vote.

6.3 Officers. The Executive Committee may, from time to time, delegate to one or more Persons (including any Executive Member or officer of the Company and including through the creation and establishment of committees) such authority and duties as the Executive Committee may deem advisable. In addition, the Executive Committee may assign titles and delegate certain authority and duties to Persons as further described below. The salaries or compensation, if any, of the Proper Officers of the Company shall be fixed from time to time by the Executive Committee. Any delegation pursuant to this Section 6.3 may be revoked at any time by the Executive Members. The Executive Committee hereby delegates Richard C. Harkins as the President. The President, and such other Proper Officers as the Executive Committee may elect from time to time, shall have the following authority and duties as officers of the Company:

(a) The President shall oversee the day-to-day activities of the Company, make all decisions other than Major Decisions or other decisions that have been delegated to other Proper Officers, and carry out Major Decisions which are made by the Executive Committee. The President shall devote such part of his time to the Company business as is reasonably and prudently necessary for the conduct of such business, affairs and purpose; provided, however, that it is expressly understood and agreed that neither the President nor any other Proper Officer shall be required to devote his or her entire time or attention to the business, affairs and purpose of the Company.

(b) Each Proper Officer shall in good faith, but at the sole cost and expense of the Company, use the Proper Officer's best efforts to implement or cause to be implemented and to conduct or cause to be conducted the ordinary and usual business, affairs and purpose of the Company in accordance with and as limited by this Agreement, including, but not limited to, the matters described below. Each Proper Officer, in carrying on such activity, shall have all rights and powers generally conferred by law or which are necessary, advisable or consistent in connection therewith, and, in such capacity, shall have the specific rights and powers set forth below. In addition to any other rights and powers which any Proper Officer may possess, he or she shall have all specific rights and powers required for or appropriate to the management of the Company's business, affairs and purpose which, by way of illustration but not by way of limitation, shall include (subject to the limitations set forth elsewhere in this Agreement) the following rights and powers:

- (1) Protect and preserve the titles and interest of the Company Assets;
- (2) Pay all taxes, assessments, and other impositions applicable to the Company Assets;
- (3) Endeavor to enforce by all reasonable means the obligations of any third parties to the Company;
- (4) Keep all books of accounts and other records of the Company;
- (5) Pay all debts and other obligations of the Company;

(6) Maintain all funds of the Company held or controlled by the Managers in a Company account or accounts in a bank or banks determined by the President;

(7) Make distributions periodically to the Members in accordance with the provisions of this Agreement;

(8) Insure or cause the Company Assets and the Company to be insured in such amounts and against such risks as the President may approve;

(9) Perform other normal business functions and otherwise operate and manage the Company's interest in Company Assets and the business, affairs and purpose of the Company in accordance with and as authorized or limited by this Agreement;

(10) Perform other obligations provided elsewhere in this Agreement to be performed by the President;

(11) Enter into and execute agreements and related documents in connection with the Company's assets;

(12) Employ attorneys, accountants, and other professionals and consultants on behalf of the Company;

(13) Pay, collect, compromise, arbitrate, resort to legal action for or otherwise adjust claims or demands of or against the Company;

(14) Establish, from income derived from the Company's operations, such reserves as the officers, in their reasonable discretion, shall deem reasonably necessary to meet anticipated Company expenses; and

(15) Enter into and execute such additional agreements or other documents on behalf of the Company as the officers reasonably deem necessary to effectuate the foregoing.

6.4 Major Decisions. Notwithstanding any other provision hereof, neither the Managers nor any officer acting pursuant to the authority delegated to him in Section 6.3, shall take any action or incur any obligation binding on the Company within the scope of any of the following actions (the "Major Decisions") unless such action is expressly authorized elsewhere in this Agreement or until the Major Decision has the approval of a majority of the Executive Members. The Major Decisions include:

(a) Create, incur, assume, refinance, extend, modify, amend or otherwise become liable with respect to any obligation for borrowed money (including without limitation guarantees of the indebtedness or other obligations of any Person or of any Affiliate of the Company), issue any bonds, debentures, notes or other evidences of indebtedness, in any transaction or series of transactions;

(b) Pledge, mortgage, hypothecate or otherwise encumber any of the Company Assets, other than as security for loans permitted by this Agreement;

(c) Acquire any real property;

(d) Cause the Company to enter into or amend any agreement between the Company and any Member or any Affiliate of a Member;

(e) Amend in any material respect, or waive any material rights in, any agreement the entering into of which was a Major Decision;

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(f) Dissolve or wind up the Company except as otherwise provided in this Agreement or authorize any act that would make it impossible to carry on the ordinary business of the Company;

(g) Engage in business combination transactions, including any merger, or enter into any joint venture, partnership or limited liability Company, corporation, trust or other entity with any Person;

(h) Extend the term of the Company;

(i) Consent to, or file for any bankruptcy, custodianship, receivership or trusteeship of the Company;

(j) Make any distributions of property in kind by the Company or accept any contributions by any Company of property other than cash;

(k) Admit any other Member to the Company except as otherwise provided herein or redeem Membership Interests;

(l) Determine any Agreed Value;

(m) Authorize any Additional Capital Contributions;

(n) Adopt or modify each budget hereafter approved by the Executive Members;

(o) Incur any liability or obligation not contemplated in a Budget except de minimis amounts incurred in the ordinary course of business;

(p) Cause the Company to (A) fail to be taxable as a partnership for federal income tax purposes, including, without limitation, causing the Company to file an election with the Internal Revenue Service on Form 8832 (or any successor form) electing, pursuant to Treasury Regulations Section 301.7701-3, to have the Company treated as a corporation for federal income tax purposes, or (B) take a position inconsistent with such treatment except as required by law;

(q) Cause the Company to settle any lawsuit that materially affects the ability of the Company to carry on its business as contemplated by this Agreement;

(r) Enter into any transaction with a member of the Executive Committee or Affiliate of a member of the Executive Committee at a cost to the Company of \$50,000 or more; and

(s) Authorize the increase of Units in any class of Units or the creation of an additional class of Membership Interests.

At the time the Executive Committee requests approval of any Major Decision, the Executive Committee shall furnish to each of the Executive Members such information and documentation as is reasonably necessary for each of the Executive Members to make an informed decision to approve or disapprove the particular Major Decision in writing in a prompt and timely manner and not exceeding five (5) business days. Failure to approve or disapprove a Major Decision in writing within such five (5) day period shall constitute an irrevocable approval of such Major Decision.

6.5 Other Business Ventures. The Members agree that none of the members of the Executive Committee shall be in violation of the duty of loyalty to the Company if he or she engages in or possesses an interest in any other business venture of any nature and description, independently or with others, whether such ventures are competitive with the Company or otherwise. The Members further

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agree that neither the Company nor the Executive Committee shall have any right by virtue of this Agreement in or to such independent ventures or to the income or profits derived therefrom.

6.6 Executive Committee Members' Duty of Care. Each member of the Executive Committee shall discharge his or her duties in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances and in a manner such member of the Executive Committee reasonably believes to be in the best interests of the Company. Each member of the Executive Committee shall cause the Company to conduct its business, operations and affairs separately from those of each member of the Executive Committee or Member or of any of their respective Affiliates.

6.7 Liabilities of any Executive Committee Member.

(a) No member of the Executive Committee shall be liable, responsible, or accountable in damages or otherwise to any other Member for any act done or omitted by such member of the Executive Committee, within the scope of the authority conferred on such member of the Executive Committee by this Agreement or by law, except for acts of active negligence, fraud, or breach of the fiduciary duty of such member of the Executive Committee.

(b) The Company shall indemnify, defend and hold harmless each member of the Executive Committee for, from and against all loss, damages, liabilities and expenses (including, without limitation, attorneys' fees and court costs and expert witness fees) incurred by such member of the Executive Committee, whether individually or jointly, arising out of acts or omissions committed or alleged to have been committed while acting as a member of the Executive Committee for or on behalf of the Company; provided that with regard to the act or omission involved, such member of the Executive Committee's actions, or failure or refusal to act were not fraudulent or actively negligent or in breach of such member of the Executive Committee's fiduciary duty to the Company. Any indemnification extended pursuant to this Section 6.7 shall be paid from, and limited to, the assets of the Company, and no Member shall have any personal liability on account thereof.

6.8 Indemnification of Agents. The Company shall indemnify, defend and hold harmless against any liability, claim, action, damage or expense (including, attorneys fees, costs of court and expert witness fees) any Person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (including arbitration) by reason of the fact that he is or was a Member, officer, Executive Committee member, deemed manager, or managing agent of the Company or is now serving or has served, at the request of the Company, as an Executive Committee member, manager, director, officer, employee or other agent of the Company or another limited liability company, corporation, partnership, joint venture, trust or other enterprise (all such Persons being referred to herein after as an "agent"), such indemnity to be extended to the fullest extent permitted by applicable law; provided that no indemnity shall be extended to any Member, employee or agent of the Company who has engaged in any intentional or willful wrong doing or fraud, or breach of this Agreement. The members of the Executive Committee shall be authorized, on behalf of the Company, to enter into indemnity agreements from time to time with any Person entitled to be indemnified by the Company hereunder, upon such terms and conditions as the Executive Committee adopts.

6.9 Actions of the Executive Committee. Each member of the Executive Committee is entitled to one vote; except that the President may have an additional tie-breaking vote in the case of a deadlock. The members of the Executive Committee may act through meetings, written consents, committees or any other Person or Persons to whom authority and duties have been delegated by the members of the Executive Committee.

6.10 Resignation. A member of the Executive Committee may resign from the Executive Committee at any time by giving at least thirty (30) days written notice to the Members pursuant to Section 13.1. The resignation of the member of the Executive Committee shall take effect thirty (30) days after the receipt of notice thereof or at such other time as may be agreed to between the member of the Executive Committee and the Executive Members; and, unless otherwise specified therein, the

acceptance of such resignation shall not be necessary to make it effective. Such resignation shall not affect the member of the Executive Committee's rights and liabilities as a Member.

6.11 List of Members. Upon written request of any Member, the Executive Committee shall promptly provide a list showing the names, last known addresses and interests of all Members.

6.12 Meetings. The Executive Committee shall not be required to hold regular meetings but shall hold meetings as required to provide guidance to the Proper Officers and to make Major Decisions. Meetings may be held at the principal office of the Company or at other mutually agreed places. Any Executive Member may call a special meeting upon three (3) days notice to the other Executive Members. However, in case of emergency, reasonable notice of a special meeting shall suffice.

(a) Quorum. There shall be a quorum of the Executive Committee if a majority of the Executive Members is present, in person or by proxy. However, if at the date, time and place stipulated in the notice of a meeting of the Executive Committee a quorum is not present, such meeting shall be deemed to have been called for the fifth (5<sup>th</sup>) business day following such date and at the same time and place. Each notice of a meeting of the Executive Committee shall include an itemized agenda prepared by the Executive Member calling the meeting.

(b) Minutes. The Executive Committee shall prepare minutes of all meetings of the Executive Committee and shall distribute copies of such minutes to all Executive Members within five (5) days after the meeting. The minutes shall be the official record of the decisions made by the Executive Committee. The Executive Members acknowledge that personnel employed by the Company may be required to attend a meeting of the Executive Committee, but no such personnel shall have a vote at the meeting.

(c) Telephone. Executive Members may participate in a meeting of the Executive Committee by means of telephonic communication or other means whereby each Executive Members can hear each of the other Executive Members, and such participation in the meeting shall constitute presence in person at the meeting.

(d) Action Without a Meeting. The Executive Committee, in lieu of deciding any matter at a meeting or by telephone conference, may act by instrument in writing signed by all of the Executive Members.

6.13 Compensation of Proper Officers and Executive Members. The Proper Officers and Executive Members shall receive reasonable compensation as set forth below for the performance of their services as Proper Officers and Executive Members (collectively, the "Guaranteed Payments"), provided that all Executive Members approve such compensation for the Proper Officers and each Executive Member. All Executive Members must approve any increase in the compensation payable to the Proper Officers and any Executive Member pursuant to the Agreement.

(a) With respect to the President, commencing November 1, 2012, the President shall accrue an annual Guaranteed Payment of \$150,000 which shall be paid on any periodic basis but no less than \$6,000 per month and as otherwise agreed to by the Executive Members. Commencing November 1, 2012, other than the President, each Executive Member, based on their date of commencement as an Executive Member, shall accrue a base annual Guaranteed Payment of \$50,000, which shall be paid on any periodic basis agreed to by the Executive Members, or a lesser amount based on less than Full-Time Service to the Company, as agreed by all Executive Members. The initial accrued base annual Guaranteed Payments may be increased or decreased on a calendar quarterly basis provided that all Executive Members approve any such increase or decrease.

(b) Base annual Guaranteed Payments shall be treated as Guaranteed Payments within the meaning of Code Section 707(c) and not as distributions. It shall be deducted as expenses of the Company in the calculation of "Net Cash Flow".

ARTICLE VII  
DELINQUENT AND DEFAULTING MEMBERS

7.1 Failure to Pay Amounts Due. If any Member fails to pay any amount due under this Agreement within ten (10) days of the due date, the Executive Committee shall send a written notice thereof to the Member, and if the Member fails to pay the entire required amount within ten (10) days of the date of such notice, the Member shall be considered a Non-Contributing Member. If a Member becomes a Non-Contributing Member, the Executive Committee shall immediately give written notice of such fact to each Member and for a period of five (5) business days after the date of such notice each other Member shall have the right to advise the Executive Committee in writing of such Member's desire to advance directly to the Company, on behalf of the Non-Contributing Members, the funds required from the Non-Contributing Members (a "Contribution Loan"). If within the five (5) day period more than one Member advises the Executive Committee of the Member's desire to make a Contribution Loan, such Member (a "Contributing Member") shall lend the funds to the Non-Contributing Member in proportion to their respective Percentage Interests. At the expiration of the five (5) day period, the Executive Committee shall advise each Member indicating a desire to make a Contribution Loan of the amount such Member is to advance to the Company and the date on which the funds are due and payable to the Company. The Contribution Loan shall be considered a loan to the Non-Contributing Member and neither the Company nor any other Member shall have any liability or obligation for the repayment of the Contribution Loan. The Contribution Loan shall mature and be due and payable in full on the date which is ninety (90) days after the date the Contribution Loan is made. Within ten (10) days after the date a Contributing Member makes a Contribution Loan, the President shall give written notice of the Contribution Loan to the Non-Contributing Member and such notice shall also specify the maturity date of the Contribution Loan.

7.2 Default. If no Members elects to advance the funds required from the Non-Contributing Member as specified in Section 7.1, then the failure of the Non-Contributing Member to make the Additional Capital Contribution or assessment shall constitute a default and the Non-Contributing Member shall be a Defaulting Member.

7.3 Contribution Loan. In the event a Contributing Member elects to make a Contribution Loan, then the Contribution Loan shall bear interest at a rate equal to the greater of eighteen percent (18%) per annum, or the "Prime Rate" in effect from time to time plus three (3) percentage points (adjusted monthly on the first day of each month), from the date the Contribution Loan is made until paid in full.

(a) Repayment of the Contribution Loan(s) shall be secured by the Non-Contributing Member's Membership Interests.

(b) The Non-Contributing Member hereby grants a security interest in its Membership Interests to the Contributing Member(s) who advances a Contribution Loan(s) and irrevocably appoints the Contributing Member(s) as the Non-Contributing Member's attorney-in-fact with full power to prepare and execute any reasonable documents, instruments and agreements, including but not limited to, reasonable Uniform Commercial Code Financing and Continuation Statements, and other reasonable security instruments as may be appropriate to perfect and continue such security interest(s) in favor of the Contributing Member(s). If there is more than one Contributing Member, each Contributing Member's security interest in the Non-Contributing Member's Membership Interests shall be a pro rata portion based upon the ratio the original principal amount of the Contributing Member's Contribution Loan bears to the aggregate original principal amount of the Contribution Loans to such Non-Contributing Member. Copies of any such documents shall be mailed to the Non-Contributing Member.

7.4 Defaulting Members. If any Contribution Loan (which shall include all reasonable attorney fees, interest, and costs incurred by the Contributing Member(s)) has not been repaid in full within ninety (90) days of the date the Contribution Loan is made, then without further notice or demand (all of which are expressly waived), the Non-Contributing Member shall be considered a Defaulting Member and the Contributing Member(s) shall have, with respect to the Non-Contributing Member and his Membership

Interest, the rights and remedies of a secured party as against a defaulting debtor under the provisions of the Arizona Uniform Commercial Code, including but not limited to, the right and power to offer for sale and to sell the Non-Contributing Member's Membership Interest. A Non-Contributing Member whose Membership Interest is foreclosed upon and sold shall remain liable to the Company and the Contributing Member(s) for any deficiency in the amount of the Contribution Loan and shall not be relieved from any personal liability for any outstanding indebtedness, liabilities, liens and/or obligations, if any.

7.5 Loan Repayment. Until such time as a Non-Contributing Member becomes a Defaulting Member, any Contribution Loan shall remain in place and shall bear interest and be repaid as provided above. Until any such Contribution Loan is repaid in full, any distributions which would otherwise be payable to the Non-Contributing Member shall be paid to the Contributing Member(s) and be applied as a credit against the Contribution Loan.

7.6 Loss of Right to Vote. A Defaulting Member shall not be entitled to attend Company meetings nor receive information relating to the Company business and shall have no right to vote on any Company matters, until such time as such Member cures any situation resulting in such Member being a Defaulting Member.

7.7 Additional Rights and Remedies. If a Member becomes a Defaulting Member by reason of no other Members electing to make a Contribution Loan, the Executive Committee shall provide the Defaulting Member with written notice that such Defaulting Member will be expelled from the Company if, by the date specified in the notice, the Defaulting Member does not fully cure the default by contributing to the Company the full amount of the delinquent required contribution plus all of the fees, costs, and expenses incurred by the Company by reason of such default. An expelled Member shall not be entitled to withdraw any capital from the Company and shall have no right to participate in the affairs of the Company or to make any further Capital Contributions. The expulsion of a Member shall not dissolve or terminate the Company. In lieu of, but not in addition to, the rights and remedies provided in this Article VII for the Company and/or Non-Defaulting Members against a Defaulting Member, the Company and/or any Non-Defaulting Members may elect to invoke and pursue any and all other remedies against any such Defaulting Member, whether provided at law or in equity, including, but not limited to, bringing suit for damages, for specific performance, or for the appointment of a receiver or specific master, in the discretion of the Company and/or such Non-Defaulting Members.

#### ARTICLE VIII BOOKS, RECORDS, REPORTS AND ACCOUNTING

8.1 Nature of Books and Records. The Company shall maintain or cause to be maintained complete and accurate records and books of account appropriate for the Company's business and affairs. Such books and records shall be kept on a basis consistent with the accounting methods followed by the Company for federal income tax purposes (which shall be on a cash basis) applied in a consistent manner and a manner consistent with other provisions of this Agreement.

8.2 Audit. The books of the Company shall not be audited unless upon a vote of a majority of Executive Members.

8.3 Capital Accounts. An individual Capital Account shall be maintained for each Member, to which Capital Contributions and Profits shall be credited and distributions and Losses shall be charged.

8.4 Tax Returns. The Executive Committee, or the President acting pursuant to the authority delegated to him in Section 6.3, shall cause the preparation for filing of all federal, state and local Company tax returns at the Company's expense, and shall make such tax elections and determinations as appear to be appropriate. Such tax returns shall be prepared by the President or an independent public accounting firm to be designated by the Executive Committee. The Executive Committee, or the President acting pursuant to the authority delegated to him in Section 6.3, shall endeavor to deliver to each Member its Form K-1 and any other required tax information by March 1 of each year.

8.5 Bank Accounts. All receipts, funds and income of the Company shall be deposited into one or more bank accounts to be established by the President. Check signing and other authority to transact business with respect to the accounts shall be vested with the President.

8.6 Tax Matters Partner. The President shall act as the Tax Matters Partner for federal income tax purposes. The "Tax Matters Partner" shall have meaning found in Section 6231(a)(7) of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) whose responsibilities as Tax Matters Partner include, where appropriate, commencing on behalf of the Company certain judicial proceedings regarding Company federal income tax items and informing all Members of any administrative or judicial proceeding involving federal income taxes. The Tax Matters Partner shall have final decision making authority with respect to all federal income tax matters involving the Company, except that the Tax Matters Partner shall not enter into a final settlement of any federal income tax proceeding without the approval of a majority of the Executive Members. Any direct out-of-pocket expense incurred by the Tax Matters Partner in carrying out its obligations hereunder shall be allocated to and charged to the Company as an expense of the Company for which the Tax Matters Partner shall be reimbursed.

#### ARTICLE IX RESTRICTIONS ON TRANSFERABILITY

9.1 Restrictions on Transfer of Interests. No Member shall sell, assign, pledge, hypothecate, encumber or otherwise voluntarily transfer by any means whatsoever ("Transfer") any Membership Interest or any portion thereof, including, without limitation, a Transfer of a right to receive profits, losses, or distributions (and any and all such attempted or purported Transfers shall be null and void), except as permitted pursuant to Section 9.2.

9.2 Permitted Transfers. Members may Transfer any Membership Interest or any portion thereof if:

(a) all Executive Members shall have consented to such Transfer, and the Member shall have paid to the Company a transfer fee of five hundred dollars (\$500) to cover administration expenses associated with the Transfer;

(b) the Transfer is made to the estate, personal representative, executor, heirs, or devisees of a deceased Member;

(c) the Transfer is made to a Member's revocable family living trust; or

(d) the Transfer is made by a Member in accordance with the following procedures:

(1) The Member shall have received a bona fide offer (the "Offer") from a third party to purchase all, but not less than all, of the Member's Membership Interest;

(2) The Member shall have offered to sell to the Members all, but not less than all, of such Member's Membership Interest at the price and under the terms contained in the Offer, such Offer to remain open for a thirty (30) day period following delivery of the notice;

(3) The Member shall have failed to tender an agreement, within thirty (30) days from the date the Member received written notice of their right to purchase, to purchase all of the selling Member's Membership Interest at the price and under the terms contained in the Offer, and the Member desiring to make such Transfer shall have consummated such Transfer on the terms and conditions specified in the Offer, including the proposed closing date; and

(4) The transferee complies with the provisions of Section 9.4 hereof.

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### 9.3 Special Provision Respecting Transfers.

(a) Upon the death of a Member or a divorce of a Member resulting in the ex-spouse receiving any part of the Member's Membership Interest, the Company and all the remaining Members shall have the right and option for thirty (30) days from receiving written notice of such event to purchase all, but not less than all, of the Membership Interest of the Member which is owned by the heirs, devisees or ex-spouse. If more than one Member so elects, the Membership Interest shall be divided among the electing Members according to their relative Percentage Interests. A Member shall be responsible for promptly notifying the other Members should such Member become divorced during the term of this Agreement when the divorce results in an ex-spouse receiving any portion of the Member's Membership Interest. The total purchase price for such deceased or divorced Member's Membership Interest shall be computed by taking: (i) the Fair Market Value of the assets of the Company; less (ii) the total liabilities of the Company as of the valuation date, multiplied times (iii) the Percentage Interest of the Member; less (iv) the amount of any obligations owed by the Member to the Company.

(b) Upon Bankruptcy of a Member, the Company and all the remaining Members shall have the right and option for thirty (30) days from receiving written notice of such event to purchase all, but not less than all, of the Membership Interest of such Member. The total purchase price for such Member's Membership Interest shall be computed by taking: (i) the Fair Market Value of the assets of the Company; less (ii) the total liabilities of the Company as of the valuation date, multiplied times (iii) the Percentage Interest of the Member; less (iv) the amount of any obligations owed by the Member to the Company.

9.4 Substituted Members. Except with respect to Transfers to Permitted Transferees, no Person taking or acquiring, by whatever means, the Membership Interest of any Member shall be admitted as a substitute Member in the Company (a "Substituted Member") without satisfying the following conditions:

(a) Each Executive Member shall have consented to the substitution, except in the case of a Transfer by an Executive Member, such transferring Executive Member shall not consent to the substitution;

(b) The Person to whom the Transfer is to be made shall sign a counterpart of this Agreement in the form attached hereto as Schedule 2, agreeing to be bound by the provisions hereof, and if such Person is married, causes his or her spouse to sign a spousal consent in the form attached hereto as Schedule 3; and

(c) All expenses (including reasonable legal fees) incurred in connection with the Transfer shall have been paid by or for the account of the Person to whom the Transfer is to be made (the Company will bear no expenses).

9.5 Settlement and Purchase Price. The settlement for the purchase of the Membership Interest pursuant to Sections 9.2(d) or 9.3 above shall be held thirty (30) days from the exercise of any option relating to such settlement at 10:00 a.m. Phoenix time at the principal office of the Company or at such other date, time and place as shall be agreed upon by the parties to the settlement.

(a) In the case of a purchase pursuant to Section 9.2(d) above, the purchase price shall be paid in accordance with the terms of the Offer; provided, however, that notwithstanding any of the terms of the Offer, the closing shall not occur any sooner than the settlement date provided for in this Agreement. If the closing date of the Offer is later than the settlement date, the settlement shall take place upon the settlement date provided for in this Agreement or the closing date set forth in the Offer, as may be elected by the purchasing Members.

(b) In the case of a purchase pursuant to Section 9.3 above, the purchase price shall be payable as follows.

(1) A down payment of twelve percent (12%) of the purchase price shall be payable at the settlement;

(2) The balance of the purchase price shall be paid in six (6) equal annual principal installments, the first installment to be due one (1) year following the settlement date, and subsequent annual principal payments shall be due on the same day of each successive year thereafter.

(3) Membership Interest on the deferred balance of the purchase price shall bear interest at the then Prime Rate from the settlement date until paid in full (adjusted monthly on the first day of each month). Accrued interest shall be payable at the same time as installments of principal.

(4) If not sooner paid in full, the unpaid principal plus accrued interest shall be paid in full upon the winding up of the Company's business and affairs. In the event of default in the payment of principal or interest pursuant to the provisions hereof, the party entitled to payment, at its option shall have the right to declare the unpaid balance of principal and accrued interest immediately due and payable.

(5) The deferred balance of such purchase price plus such accrued interest shall be secured by a security interest in the transferring Member's Membership Interest.

9.6 Termination of the Company for Tax Purposes. Notwithstanding anything to the contrary contained in any other provision of this Agreement, the sale or exchange of all or any part of a Membership Interest in the capital and/or the profits of the Company may not be made (and will be null and void) if the Membership Interest sought to be sold or exchanged, when added to all other Membership Interests in the Company's capital and/or profits transferred within the twelve (12) consecutive month period ending on the date of such proposed sale or exchange, would cause the termination of the Company for federal income tax purposes.

9.7 Restraining Order. If any Member shall at any time Transfer or attempt to Transfer all or any part of its Membership Interest in violation of the provisions of this Agreement, then any other Member, in addition to all other available rights and remedies, shall be entitled to a decree or order restraining and enjoining such transfer.

#### ARTICLE X DISSOLUTION AND TERMINATION

10.1 Dissolution. The Company shall be dissolved upon the first to occur of any of the following events:

- (a) upon the entry of a decree of dissolution under Section 29-785 of the Act;
- (b) a unanimous vote of the Executive Members to dissolve;
- (c) the appointment of a receiver, trustee or liquidator of the assets of the Company, or the attachment, execution or other judicial seizure of all or a portion of the Company Assets, unless such seizure is discharged within one hundred twenty (120) days thereafter; or
- (d) December 31, 2036.

10.2 Effect of Filing of Dissolving Statement. Upon the dissolution of the Company, the Company shall cease to carry on its business, except insofar as may be necessary for the winding up of its business, but its separate existence shall continue until Articles of Termination have been filed with the Arizona Corporation Commission or until a decree dissolving the Company has been entered by a court of competent jurisdiction.

10.3 Termination and Winding Up. In the event of the dissolution of the Company: (i) the Company shall cease to engage in any further business, except to the extent necessary to perform existing obligations, (ii) the affairs of the Company shall be terminated and wound up, (iii) an accounting shall be made, (iv) the liabilities of the Company (including without limitation, those owed to the Members and their Affiliates in respect of funds advanced, property sold and services rendered to the Company) shall be paid or adequately provided for, and (v) the remaining Company Assets shall be distributed to the Members in the same manner as provided in Section 3.1. The Executive Committee shall have the sole authority and control over winding up and liquidating the affairs of the Company. Distributions of non-cash assets will be based on the Fair Market Value of such assets at the time of distribution, each item going to the respective Members as the Members unanimously shall agree; provided that if the Members cannot agree unanimously on the method of distribution, then all non-cash assets shall be sold for cash at public auction after publication of notice of the time and the place of sale and describing the property has been accomplished at least once in a newspaper of general circulation in the city and county in which said assets are located and at least ten (10) days prior to such sale. In the event of such auction, all sales shall be for cash, and the Members shall have the right to bid thereon.

10.4 Compensation and Reimbursement. The Class A Members or President acting as liquidator of the Company's assets shall be entitled to reimbursement for out-of-pocket expenses incurred and reasonable compensation (in an amount determined by one hundred percent (100%) (excluding any Members acting as liquidator) of the Percentage Interests owned by Non-Defaulting Class A Members) for services rendered in connection with the winding up and liquidation of the Company. Such reimbursement shall be paid as an expense of the Company after all debts to third parties have been repaid or adequately provided for but before any repayment of liens or advances by the Members.

10.5 Articles of Termination. When all debts, liabilities and obligations have been paid and discharged or adequate provisions have been made therefore and all of the remaining Company Assets have been distributed to the Members, Articles of Termination shall be executed and filed with the Arizona Corporation Commission.

10.6 Return of Contribution Non-recourse to Other Members. Except as provided by law, upon dissolution, each Member shall look solely to the Company Assets for the return of its Capital Contribution. If the Company property remaining after the payment or discharge of the debts and liabilities of the Company is insufficient to return the cash or other property contribution of one or more Members, such Members shall have no recourse against any other Member.

#### ARTICLE XI NO PARTITION

11.1 Waiver of Partition. Each Member hereby waives any right to partition or the right to take any other action which might otherwise be available to such Members for the purpose of severing its relationship with the Company or its interest in the Company Assets held by the Company from the interest of the other Members until the dissolution of the Company. Each Member specifically agrees not to institute any action therefore and each Member agrees that this Section 11.1 may be pled as a bar to the maintenance of any such action. A violation of this provision shall entitle the non-violating Members to collect, from the Members violating this provision, reasonable attorney's fees, costs and other damages those non-violating Members and the Company incur in connection therewith.

#### ARTICLE XII GENERAL

12.1 Notices. All notices and other communication required or permitted to be given pursuant to this Agreement shall be in writing and shall be deemed to have been duly given, made and received only when personally delivered against receipt or five (5) days after being (i) sent by telegram or facsimile to an address provided to the Company or (ii) deposited in the United States mails, certified or registered, postage prepaid, return receipt requested, addressed to the addressee at its address as shown from time to time in the records of the Company. Any Members may change the address to which communications

are to be sent by giving notice of such change of address to the other Members in conformity with the provisions of this Section 12.1.

12.2 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and permitted assigns.

12.3 Controlling Law. This Agreement shall be governed by, interpreted and construed in accordance with the laws of the State of Arizona.

12.4 Provisions Severable. If any provision of this Agreement shall be or shall become illegal or unenforceable in whole or in part, for any reason, the remaining provisions shall not be affected thereby but shall be deemed valid, binding and enforceable to the greatest extent permitted by law.

12.5 Indulgences Not Waivers. Neither the failure nor any delay on the part of any party to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of any other right, remedy, power or privilege with respect to any occurrence or be construed as a waiver of such right, remedy power or privilege with respect to any subsequent occurrence.

12.6 Gender. Words used herein, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires.

12.7 Execution in Counterparts. This Agreement may be executed in any number of original or electronic counterparts, all of which taken together shall constitute one and the same instrument.

12.8 Amendment. This Agreement may be amended only by an agreement in writing executed by all Members.

12.9 Attorney's Fees. If any party institutes a suit or other proceeding against any other party in any way connected with this Agreement or its enforcement, the prevailing party to any such action shall be entitled to recover from the other party reasonable attorney's fees (not to exceed the actual attorney's fees incurred), witness fees and expenses and court costs in connection with said suit or proceeding at both trial and appellate levels, regardless of whether any such action or proceeding is prosecuted to judgment.

12.10 Number of Days. Unless the subject provision references "business days," in computing the number of days for purposes of this Agreement, all days shall be counted, including Saturdays, Sundays, and holidays; provided however, that if the final day of any time period falls on a Saturday, Sunday or recognized United States holiday, then the final day shall be deemed to be the next date which is not a Saturday, Sunday, or holiday. If the subject provision references "business days," then in computing the number of days for purposes of this Agreement, all days shall be counted except Saturdays, Sundays, and holidays.

12.11 Captions. Captions are not intended to convey any meaning or be a part of this Agreement but are merely used for assistance in identifying paragraphs and Sections.

[Signatures on Following Page]

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IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the day and year first above written.

**Managers:**

\_\_\_\_\_  
Richard C. Harkins

\_\_\_\_\_  
George T. Simmons

\_\_\_\_\_  
Bruce Orr

\_\_\_\_\_  
Robert J. Kerrigan

**Members:**

\_\_\_\_\_  
Richard C. Harkins

\_\_\_\_\_  
George T. Simmons

\_\_\_\_\_  
Bruce Orr

\_\_\_\_\_  
Robert J. Kerrigan

\_\_\_\_\_  
Kelly Bair

\_\_\_\_\_  
Rodney and Melissa Eaves

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**SCHEDULE "1"**

Holder	Class Of Ownership	Percentage Ownership of Class A Units	Percentage Ownership of Class B Units	Class A Ownership as a % of the Company	Class B Ownership as a % of the Company	Percentage Ownership of the Company
Richard Harkins [REDACTED], AZ	A	22.73%		20.45%	0.00%	20.45%
George T. Simmons II [REDACTED], AZ	A	13.64%		12.27%	0.00%	12.27%
Bruce Orr c/o Net Development [REDACTED], CA	A	4.55%		4.09%	0.00%	4.09%
Robert J. Kerrigan [REDACTED], AZ	A	9.09%		8.18%	0.00%	8.18%
Kelly Bair [REDACTED], AZ	B		2.00%	0.00%	0.20%	0.20%
Rodney and Melissa Eaves [REDACTED], AZ	B		25.00%	0.00%	2.50%	2.50%
Reserved	A	50.00%	73.00%	45.00%	7.30%	52.30%
Totals		100.00%	100.00%	90.00%	10.00%	100.00%

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## **Schedule "2"**

### **Form of Joinder**

The undersigned hereby executes this Joinder (this "Agreement") to the Amended and Restated Operating Agreement (the "Operating Agreement") of USA Barcelona Realty Advisors, LLC, an Arizona limited liability company, dated as of April 25, 2013, by and among the Members, the Managers and the Company, as may be amended from time to time. Capitalized terms used but not defined in this Agreement shall have the meanings given such terms in the Operating Agreement.

The undersigned hereby acknowledges, agrees and confirms that, by his, her or its execution of this Agreement, the undersigned will be deemed a party to the Operating Agreement and shall have all rights and obligations of a Member thereunder as if the undersigned had executed the Operating Agreement.

\_\_\_\_\_

Date: \_\_\_\_\_

**Schedule "3"**

**Form of Spousal Consent**

I have read the foregoing Amended and Restated Operating Agreement (the "Operating Agreement") of USA Barcelona Realty Advisors, LLC, an Arizona limited liability company, dated as of April 25, 2013, by and among the Members, the Managers and the Company, as may be amended from time to time. I agree: (a) to be bound by and to comply with all the terms of the Operating Agreement in any matter in which I have a financial interest, including restrictions on the transfer of membership interests, the terms under which interests in the Company may be sold or otherwise transferred, and the liquidation of the membership interests upon the occurrence of specified events; (b) to allow my spouse to have an irrevocable proxy during my lifetime and upon my death to vote the interest in the Company owned by us as community property; and (c) not to devise or bequeath whatever community property interest or quasi-community property interest I may have in the Company in contravention of the Operating Agreement.

\_\_\_\_\_

Date: \_\_\_\_\_

Appendix to  
USA Barcelona Realty Advisors, LLC  
Operating Agreement

**DEFINED TERMS**

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Definitions. Whenever used in this Agreement, the following terms shall have the following meanings:

1. Act means the Arizona Limited Liability Company Act, as the same may be amended from time to time.
2. Additional Capital Contributions means any Capital Contributions to the Company other than initial Capital Contributions made pursuant to Section 2.1.
3. Additional Member means any Person who is admitted to the Company as an additional member pursuant to this Agreement.
4. Affiliate of any specified Person means (i) any Person directly or indirectly controlling, controlled by or under common control with another Person, (ii) any Person owning or controlling 12% or more of the outstanding voting securities of such other Person, (iii) any officer, director, partner of such Person, and (iv) if such other Person is an officer, director or partner, any Company for which such Person acts in any such capacity. For the purposes of this definition, "control" when used with respect to any specified person means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.
5. Agreed Value means, for each of the Company Assets, such asset's adjusted tax basis, as determined from time to time; provided, that:
  - a. The initial Agreed Value of any asset contributed by a Member to the Company shall be equal to such asset's gross Fair Market Value as of the date of contribution, as reasonably determined by the contributing Member and the Executive Committee, but, in no event, shall the Fair Market Value be less than the outstanding balance of any nonrecourse indebtedness, within the meaning of §7701 of the Code, to which any asset is subject. Thereafter, except as otherwise provided in Paragraph 6(b) or Paragraph 6(c), the Agreed Value of such asset shall be adjusted, from time to time, by the Depreciation deduction, if any, taken into account with respect to such asset;
  - b. The Agreed Values of all Company Assets shall, if elected by the President be initially adjusted to equal their respective gross Fair Market Values, but in no event shall such Fair Market Value be less than the outstanding balance of any nonrecourse indebtedness to which assets are subject, as of the following times:
    - i. The contribution by an existing or Additional Member of money or other property, other than a de minimis amount, to the Company as consideration for the receipt of a Membership Interest greater than the Membership Interest owned by such Member prior to such contribution; or
    - ii. The distribution of money or any such other property, other than a de minimis amount, by the Company to a withdrawing or continuing Member as consideration for the relinquishment of some or all of such Membership Interest; or
    - iii. Upon the Liquidation of the Company;

If the Agreed Values of Company Assets are adjusted pursuant to Paragraph 6(b), thereafter, such Agreed Values shall be adjusted by the Depreciation deductions, if any, taken into account with respect to such assets, and/or shall be otherwise adjusted in accordance with Paragraph 6(b) and/or Paragraph 6(c)

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- c. If there is an adjustment made to the common income tax basis of Company Assets under Code §734 and Regulations §1.734-2(b)(1), which adjustment would cause the adjusted tax basis of such assets to be greater than or less than the adjusted Agreed Values of such assets, determined as of the date of such Code §734 adjustment, without regard to such adjustment made under Code §734, the Agreed Values of the Company Assets which are subject to such basis adjustment, shall be increased, or decreased, to reflect the adjustments made to the adjusted tax basis of such assets pursuant to Code §734, but only to the extent that the adjustments made would increase the adjusted tax basis of such assets to an amount greater than, or would decrease the adjusted tax basis of such assets to an amount less than the adjusted Agreed Values of such assets, determined as of the date of the Code §734 adjustment, without regard to such Code §734 adjustment, but with regard to the other provisions of this Paragraph 6 (c). If the Agreed Values of Company Assets are adjusted pursuant to this Paragraph 6(c), thereafter, the Agreed Values shall be adjusted by the Depreciation deductions, if any, taken into account with respect to such assets and/or shall be otherwise adjusted in accordance with Paragraph 6(b). above and/or this Paragraph 6(c).
6. Agreement means this Amended and Restated Operating Agreement, by and among the Members, the Executive Members and the Company, and as may be amended, modified or supplemented from time to time. No other document or oral agreement among the Member shall be treated as part of or superseding this Agreement unless it is reduced to writing and it has been signed by all of the Members.
7. Bankruptcy means as to a Member, the happening of any of the following:
- a. The making by such Member of an assignment for the benefit of creditors;
  - b. The filing by such Member of a voluntary petition in bankruptcy or the filing of a pleading in any court of record admitting in writing such Member's inability to pay such Member's debts as they become due;
  - c. The entry of an order, judgment or decree by any court of competent jurisdiction adjudicating such Member to be bankrupt or insolvent;
  - d. The filing by such Member of a petition or answer seeking for such Member any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation;
  - e. The filing by such Member of an answer or other pleading admitting the material allegation of or such Member's consenting to, or defaulting in answering a bankruptcy petition filed against such Member in any bankruptcy proceeding;
  - f. The filing by such Member of an application or other pleading or such Member otherwise seeking, consenting to or acquiescing in the appointment of a trustee, receiver or liquidator of such Member or of all or any substantial part of such Member's property;
  - g. The commencement of any proceeding against such Member seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation which has not been dismissed for any consecutive period of one hundred twenty (120) days; or
  - h. The appointment without the consent or acquiescence of such Member of a trustee, receiver or liquidation of such Member or of all or any substantial part of such Member's hotels without such appointment being vacated or stayed within ninety (90) days or within ninety (90) days after the expiration of any such stay.
8. Capital Account means as of any particular date, the individual capital account, determined and maintained for each Member in accordance with Regulations §1.704-1(b)(2)(iv). For this purpose, except as otherwise provided in Regulations §1.704-1(b)(2)(iv), the Capital Account of each Member shall consist of the amount

of money contributed by the Member to the Company, including Company liabilities assumed by the Member as provided in Regulations §1.704-1(b)(2)(iv)(c), and:

- a. Increased by:
  - i. The initial Agreed Value of any asset contributed by the Member to the Company, as determined pursuant to Paragraph A under "Agreed Value" net of liabilities secured by such contributed asset that the Company is considered to assume or take subject to under Code §752; and
  - ii. Capital Account credits pursuant to Section 2.3 herein; and
  - iii. Allocations to the Member of Company Net Income or items of income or gain thereof, but excluding from this Paragraph 9(a)(ii) income and gain described in Regulations §1.704-1(b)(4)(i); and
- b. Decreased by:
  - i. The amount of money distributed to the Member by the Company, including liabilities of the Member assumed by the Company as provided in Regulations §1.704-1(b)(2)(iv)(c); and
  - ii. The gross Fair Market Value of any Company Asset distributed to the Member by the Company, as reasonably agreed to by the Member, but in no event shall the gross Fair Market Value of any distributed Company Asset which secures a Nonrecourse Liability of the Company be less than the outstanding balance of such liability, as of the date of distribution and net of liabilities secured by such distributed Company Asset that such Member is considered to assume or take subject to under Code §752; and
  - iii. Allocations to the Member of nondeductible expenditures of the Company described in Code §705(a)(2)(B); and
  - iv. If and to the extent not otherwise includable in allocations described in Paragraph 9(b)(iv) above, allocations to the Member of Company Net Loss or items of expense thereof, but excluding items of loss or deduction described in Regulations §1.704-1(b)(4)(i) and (iii); and
  - v. If and to the extent not otherwise in Paragraphs 9(b)(iii) and 9(b)(iv) above, allocations to the Member of (a) Company Net Loss, or items of expense thereof that are disallowed for federal income tax purposes under Code §267(a)(1) or §707(b), (b) organization expenses of the Company for which an election under Code §709(b) is not in effect, and (c) syndication expenses; and
- c. To the extent that the unrealized income, gain, loss and deduction inherent in any Company Asset distributed or deemed distributed in kind, whether or not distributed in liquidation, has not previously been reflected in the Capital Accounts, the Capital Accounts shall be adjusted to reflect the manner in which the unrealized income, gain, loss and deduction inherent in such asset that has not been reflected previously in the Capital Accounts would have been allocated among the Member under this Agreement immediately preceding such distribution if there had been a taxable disposition of such asset for its Fair Market Value as reasonably agreed to by the Member on the date of its actual or deemed distribution, taking into account Code §7701(g); and
- d. In the event that the Agreed Values of Company Assets are adjusted on the books of the Company as provided in Paragraph (b) of "Agreed Value", the Capital Accounts shall be adjusted to reflect the manner in which the unrealized income, gain, loss or deduction inherent in the Company Assets, to the extent that it has not been previously reflected in the Capital Accounts, would be allocated among all the Members under the terms of this Agreement, assuming that, in the case of an adjustment pursuant to Paragraph (b)(i) or (b)(ii) of "Agreed Value", there was a taxable disposition of such assets immediately

preceding such contribution of money or other property to the Company, or immediately preceding such of money or other property by the Company, or, in the case of an adjustment pursuant to Paragraph (b)(iii) of "Agreed Value", there was a taxable distribution of such assets upon the Liquidation of the Company for such assets' then Agreed Value as determined under Paragraph (b) of "Agreed Value"; and

- e. In the event the Company, in conformity with Regulations §1.704-1(b)(2)(iv) as provided in "Agreed Value", has a Company Asset with an Agreed Value greater than or less than its adjusted tax basis, the Capital Accounts shall be adjusted in accordance with Regulations §1.704-1(b)(2)(iv)(g) for allocations to them of Depreciation, as computed with respect to such asset and allocations to them of gain or loss as computed with respect to such asset by reference to the adjusted Agreed Value of such asset and not by reference to such asset's adjusted tax basis, as provided by Paragraph (a)(ii), (b)(iii), (b)(iv), and (b)(v) above; and
- f. To the extent that an adjustment to the adjusted tax basis of any Company Asset pursuant to Code §734(b), Code §732(d), or Code §743(b) is required under Regulations §1.704-1(b)(2)(iv)(m) to be taken into account in determining Capital Accounts, the Capital Accounts shall be adjusted as and to the extent required by such section of the Regulations; and
- g. Shall be otherwise adjusted in accordance with the rules set forth in Regulations §1.704-1(b)(2)(iv).
  - 1. Upon the transfer of all or a part of a Membership Interest, the Capital Account of the transferor Member that is attributable to the transferred Membership Interest shall be carried over to, and become the Capital Account of, the transferee Member. If the transfer of a Membership Interest causes a termination of the Company under Code 708(b)(1)(B) the Capital Account that carries over to the transferee Member will be adjusted in accordance with Regulations §1.704-1(b)(2)(iv)(e), and the constructive reformation of the Company will, for purposes of this definition of "Capital Account" and the definition of "Agreed Value" above, be treated as the formation of a new limited liability Company, and the Capital Accounts of the transferee Member and the remaining Member will be determined and maintained accordingly.
  - 2. The foregoing provisions relating to the definition of Capital Accounts are intended to comply with Regulations §1.704-1(b) and shall be interpreted and applied, and if necessary, modified by the Executive Committee (provided there is no material effect on the distributions to Member's under Article X of this Agreement upon dissolution of the Company), in a manner consistent with such Regulation.
- 9. Capital Account or Capital Contributions Account means the Capital Account of each Member described in Article II, adjusted as follows:
  - a. Increased by any Additional Capital Contributions; and
  - b. Decreased by any distributions.
- 10. Capital Contribution means the total amount of cash and the Agreed Value of property contributed to the capital of the Company as an initial Capital Contribution or an Additional Capital Contribution net of the liabilities secured by such contributed property that the Company is considered to assume or take subject to under Code §752.
- 11. Class A Member means the Members owning Class A Units.
- 12. Class A Unit means the Units issued to a Class A Member pursuant to this Agreement.
- 13. Class B Member means the Members owning Class B Units.

14. Class B Unit means the Units issued to a Class B Member pursuant to this Agreement.
15. Code means the Internal Revenue Code of 1986 (or any successor), as amended from time to time.
16. Company means USA Barcelona Realty Advisors, LLC
17. Company Assets means, at any particular time, the [Property] and any other assets or property, tangible or intangible, choate or inchoate, fixed or contingent, of the Company.
18. Company Minimum Gain means minimum gain of the Company as defined in Regulations §1.704-2(b)(2) and determined in accordance with Regulations §1.704-2(d) and §1.704-2(g)(3).
19. Contribution Loan has the meaning set forth in Section 7.1.
20. Cumulative Priority Distribution means a \$12,500 annual Distribution payable at the discretion of the Company to each Class B Unit.
21. Defaulting Member means any Member who has caused a Monetary Default or a Non-Monetary Default which remains uncured under this Agreement. All other Members are Non-Defaulting Members.
22. Depreciation means for each Fiscal Year or other relevant period, an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect to an Company Asset for such year or other period for federal income tax purposes, except that, if the Agreed Value of any Company Asset differs from its adjusted basis as computed for federal income tax purposes, except as may be otherwise required by Regulations §1.704-1(b)(2)(iv)(g). Depreciation with respect to any such Company Asset shall be an amount which bears the same ratio to the Agreed Value of such Company Asset as of the first day of each such year or other period as the depreciation, amortization or other cost recovery deduction computed with respect to such Company Asset for federal income tax purposes for such year or other period bears to such Company Asset's adjusted tax basis as of the first day of such year or other period; provided, that, if any Company Asset with an Agreed Value different than its adjusted tax basis, and which is otherwise subject to the allowance for depreciation, has a zero adjusted tax basis as determined as of the first day of such year or other period, Depreciation with respect to such Company Asset may be determined under any reasonable method selected by the Executive Committee.
23. Fair Market Value means, with respect to any asset or property, the fair market value thereof as determined in good faith by the affected parties. If the affected parties are unable to agree upon an amount, then upon the request of any of the affected parties, the fair market value shall be determined by appraisal. If the fair market value of any real property is to be determined by appraisal, the affected parties shall agree upon a single independent M.A.I. appraiser to determine the value. If the affected parties are unable to agree upon an appraiser within ten (10) calendar days, then upon the request of any affected party, the appraiser shall be selected by the Presiding Judge of the Superior Court of Maricopa County, Arizona. The selected appraiser must have at least ten (10) years experience in appraising parcels of real property in Maricopa County, Arizona.
24. Fiscal Year means the accounting year of the Company ending December 31 of each year, unless the Executive Committee otherwise establishes a different year.
25. Full-Time Service for Executive Members is set by Company policy and may be changed from time to time at the discretion of the Executive Committee. As of the Effective Date, Full-Time Service for Executive Members is to prepare for and participate in all weekly, monthly, quarterly and annual scheduled meetings as established by the Executive Committee and any other teleconference meeting called by the Executive Committee or an Executive Member wherein no less than a three (3) day notice is given to the Executive Committee and each other Executive Member of such meeting. The intent in establishing the parameters of Full-Time Service is to assure that the Company's business is a high priority for each Executive Member.

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26. Initial Capital Contribution means the amount (exclusive of Additional Capital Contributions) which a Member actually pays as a Capital Contribution to the Company, whether in cash or by the transfer of assets to the Company.
27. Liquidation means the earlier of the date upon which the Company is considered to be terminated under Code §708(b)(1) or upon which the Company ceases to be a going concern.
28. Majority-In-Interest means a simple majority of a Class of Members in the Company.
29. Member means each Person who becomes a Member under the terms of this Agreement and each Person who may become an Additional Member or Substituted Member. For the avoidance of doubt, the Executive Members are also Members.
30. Member Nonrecourse Debt means a Nonrecourse Liability as defined in Regulations §1.704-2(b)(4).
31. Member Nonrecourse Debt Minimum Gain means minimum gain of a Member as defined in Regulations §1.704-2(i)(2) and determined in accordance with Regulations §1.704-2(i)(3).
32. Membership Interest means a Member's interest in the Company's capital, profits, losses and distributions of the Company, together with any other rights and obligations granted to, or assumed by, a Member under this Agreement, including such Member's Units in the Company.
33. Monetary Default means the failure of a Member to pay when due any Additional Capital Contribution or other sum required to be paid under this Agreement.
34. Net Cash Flow means the gross cash proceeds from Company operations from whatever source derived, including without limitation gross cash proceeds from the sale, exchange, or other disposition, or refinancing of Company Assets either in or outside the ordinary course of Company business, reduced by such other amounts determined by the Member to be used to pay, or establish reserves for, any other Company expenses, principal and interest payments on Company indebtedness including without limitation, working capital loans but not including Executive Member Loans, Member Loans, capital improvements, replacements, and contingencies, and increased by any reductions of previously established reserves reasonably determined by the Member to no longer need to be held in reserve and to be available for distribution.
35. Net Income and Net Loss of the Company or items thereof shall, for each Fiscal Year or other relevant period of the Company, be an amount equal to the Company's taxable income or loss for such period, as determined for federal income tax purposes in accordance with the accounting method followed by the Company and in accordance with Code §703, and for this purpose, all items of income, gain, loss or deduction required to be separately stated pursuant to Code §703(a)(1) shall be included in taxable income or loss, subject to the following modifications:
- a. Any income of the Company that is exempt from federal income tax, including without limitation, interest income which is exempt from tax under Code §103, and the proceeds of insurance policies which are exempt from income under Code §101, and not otherwise taken into account in computing Net Income and Net Loss pursuant to this definition, shall be added to such taxable income or loss;
  - b. Any expenditures of the Company described in Code §705(a)(2)(B), including without limitation, expenses and interest to which Code §265 applies, and insurance premiums which are nondeductible pursuant to Code §264 or treated as Code §705(a)(2)(B) expenditures pursuant to Regulations §1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Net Income or Net Loss pursuant to this definition, including without limitation, syndication expenses, shall be subtracted from such taxable income or loss; and
  - c. If the Agreed Value of any Company Asset differs from its adjusted tax basis for federal income tax purposes, Net Income and Net Loss of the Company shall be determined in conformity with this

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Agreement and applicable Treasury Regulations, by reference to the Depreciation deductions, if any, allowable with respect to such Company Asset, and by the gain or loss attributable to such asset as computed by reference to such Company Asset's Agreed Value and not, if different, by reference to such Company Asset's adjusted tax basis.

36. Non-Contributing Member has the meaning set forth in Section 7.1.
37. Non-Defaulting Members means any Member that is not a Defaulting Member.
38. Non-Monetary Default means the failure of a Member to cure any material default under this Agreement (other than a Monetary Default, for which there is no curative period) within thirty (30) days after delivery of a written notice of default from either the President or another Member, which notice shall set forth in detail the nature of the alleged default; provided that if the default cannot reasonably be cured within such thirty (30) day period, the period will be extended, provided that the curative performance was begun within a reasonable time, not to exceed ten (10) days, after the delivery of the notice of default, and is diligently pursued thereafter. Without intending to limit the generality of the foregoing, the following are included within the definition of a Non-Monetary Default:
- a. Attempted dissolution of the Company by any Member other than pursuant to the provisions of this Agreement;
  - b. Attempted partitioning of the assets of the Company;
  - c. Withdrawal as a Member without the consent of all other Member;
  - d. Attempted or actual assignment or transfer of a Membership Interest other than pursuant to the provisions of this Agreement.
39. Nonrecourse Deductions means depreciation or cost recovery deductions, and if necessary, a pro rata portion of other Company losses, deductions, and Code Section 705(a)(2)(B) expenditures in the amount determined in accordance with Regulations §1.704-2(c) and in the order determined in accordance with Regulations §1.704-2(j)(2).
40. Percentage Interest means the percentage interest of each Member in this Company set forth in Schedule 1.
41. Person means any individual and any legal entity, and their respective heirs, executors, administrators, legal representatives, successors, and assigns.
42. Prime Rate means the rate of interest, as of the first business day of each month, designated in the "Money Rates" Section of the Wall Street Journal as the "prime rate" or if the Wall Street Journal ceases quoting a Prime Rate, the rate of interest charged by Bank One to its largest and most credit-worthy commercial borrowers for unsecured loans maturing in ninety (90) days, but in no event in excess of the highest legal rate in Arizona.
43. Proper Officer(s) means the President, and such other Persons to whom the Executive Committee delegates authority and duties to conduct the business and affairs of the Company.
44. Regulations mean the regulations promulgated by the Department of the Treasury under the Code. Where followed by the symbol "§," such reference shall be to the particular section of the Regulations promulgated under the Code. Where preceded by the symbol "§" and a Code number, such reference shall be to the Regulations promulgated under that particular section of the Code.
45. Unit means a unit of measurement the Company will use for purposes of determining a Member's Percentage Interest at any point in time and for purposes of determining voting rights.
46. Withdrawal Event means any of those events and circumstances listed in Section 29-733 of the Act.

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EXHIBIT C – STATEMENT OF FINANCIAL POSITION

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USA Barcelona Realty Advisors  
Statement Of Financial Position  
March 31, 2013

Assets

Cash	\$ 165,000
Capitalized Costs	1,652,000
Subscriptions Receivable - 12-6-12 Offering Second Amendment dated 4-29-2012	730,000
Receivable - Advances to USA Barcelona Realty	<u>211,000</u>
Total Assets	<u>\$ 2,758,000</u>

Liabilities

Accounts Payable	\$ 4,500
Unfunded Forward Commitments for Advances to USA Barcelona Realty	210,000
Member Loans Payable	<u>310,000</u>
Total Liabilities	<u>\$ 524,500</u>

Members Equity

Addition Paid-in Capital	\$ 1,959,500
Class A Member	4,000
Class B Member	<u>270,000</u>
Total Member Equity	<u>\$ 2,233,500</u>

<u>Total Liabilities &amp; Members Equity</u>	<u>\$ 2,758,000</u>
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Exhibit C to the Offering has been prepared by the Company and has not been reviewed by any independent party.

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**Exhibit D – FORECAST – MAY 1, 2013 THROUGH DECEMBER 31, 2014 OPERATING BUDGET**

**USA Barcelona Realty Advisors  
Summary - Budget Forecast**

	2013	2014
<b>Sources Of Funds</b>		
Fees & Reimbursements from USA Barcelona Realty		
Beginning Cash	\$ 1,000	\$ 104,928
Advisors \$1MM 12-6-12 Offering	1,000,000	-
Acquisition Fee	377,816	3,744,000
Expense Reimbursements	441,076	126,077
Asset Management Fee	375,000	1,090,569
Reimbursement For Pre-formation Work	512,096	-
Investment Offering Marketing Expense Reimbursement	316,542	1,083,458
Common Stock Dividends	-	400,000
Liquidation Distribution	-	-
Executive Member Loans	60,000	-
<b>Total Sources Of Funds</b>	<b>\$ 3,083,531</b>	<b>\$ 6,549,032</b>
<b>Uses Of Funds</b>		
Company Overhead		
Staff	\$ 606,375	\$ 1,625,950
Office Overhead	265,477	303,575
Outside Consultants & Related Exps; Capitalization Costs	732,542	1,203,458
<b>Total Company Overhead</b>	<b>1,604,394</b>	<b>3,132,983</b>
Payment On Loans And Advances	806,653	1,987,558
Capital Investments - Exercise of options for USA Barcelona Stock	34,286	265,714
Advances to USA Barcelona Realty	520,769	-
Class B Members	12,500	50,000
<b>Total Uses</b>	<b>2,978,602</b>	<b>5,436,255</b>
<b>Net Cash Flow</b>	<b>\$ 104,928</b>	<b>\$ 1,112,777</b>

Exhibit D to the Offering has been prepared by the Company and has not been reviewed by any independent party.

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**USA Barcelona  
Realty Advisors**

**ACC000819  
FILE #8503**



**USA Barcelona**  
HOTEL LAND COMPANY I

**CONFIDENTIAL PRIVATE PLACEMENT  
OFFERING MEMORANDUM**

**USA Barcelona Hotel Land Company I, LLC**

**\$10,000,000**

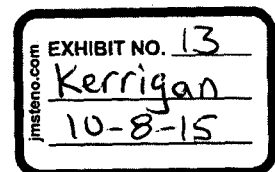
Comprised of:  
**10,000 Class A Member Units at \$1,000 per Class A Member Unit**

**Minimum Purchase of 100 Class A Member Units for \$100,000**

**OFFERED ONLY TO:  
ACCREDITED INVESTORS**

**Memorandum dated May 5, 2014**

**ACC005818**  
FILE #8503



# USA Barcelona Hotel Land Company - I, LLC

An Arizona Limited Liability Company

## CONFIDENTIAL PRIVATE PLACEMENT OFFERING MEMORANDUM

\$10,000,000

10,000 CLASS A MEMBER UNITS ("CLASS A UNITS") AT \$1,000 PER CLASS A UNIT

\$100,000 MINIMUM INVESTMENT

The offering described in this Confidential Private Placement Offering (the "Memorandum") is being made to provide USA Barcelona Hotel Land Company I, LLC (the "Company", "us", "we" or "USA HLC-I") with capital to fund the organization stage and operating requirements of the Company, and to pay selling fees, legal fees, offering costs, and marketing expenses associated with this offering of Class A Units (the "Offering"). *Capitalized terms used in this Memorandum and not otherwise defined have the meanings set forth in "Defined Terms".* The Company and its single land parcel Affiliates ("SLP LLCs") are being formed to acquire and Entitle Land Parcels, each of which we intend to sell to an Affiliate entity that would construct, own and operate a hotel franchised by a leading brand franchise company, such as Marriott, Hilton, Hyatt or possibly others.

USA HLC-I, an Arizona limited liability company, will be the manager of each SLP LLC. USA Barcelona Hotel Holding Company, LLC ("USA HHC") is our Manager, and is owned by USA Realty Holding Company, LLC (the "Parent Company"). Under an advisory agreement ("Advisory Agreement") between the Company and USA Barcelona Realty Advisors, LLC ("Advisor", "USA BRA"), an Arizona limited liability company, USA BRA provides all administrative services to the Company and its Affiliates.

The Company is currently offering and selling, to Accredited Investors only, up to 10,000 Class A Units at \$1,000 per Class A Unit, with a minimum purchase of 100 Class A Units for \$100,000, except that, in our discretion, we may permit investments of a lesser amount. There is no minimum Offering. Each Subscriber's funds will be placed in an escrow account at Alliance Bank of Arizona in Phoenix, Arizona until the Company accepts the Subscriber as a Class A Member at which time the escrowed funds will be distributed to the Company.

The Class A Units are being offered by members of management of the Company on a "best efforts" basis, who will receive no compensation related to their sale activities. Other Persons who assist in sales, including registered investment advisors, licensed securities dealers and others ("Selling Agents") subject to applicable laws, may receive fees or commissions of up to 8% of the sales price of Class A Units sold. We also intend to sell Class A Units to Eligible Persons, who may include our Affiliates, at a Modified Price of not less than \$920 per Class A Unit.

We expect to terminate the Offering on March 31, 2015, or when all of the Class A Units offered by this Memorandum have been sold (whichever occurs sooner). However, we may extend the Offering Period for up to an additional 180 days.

	Price to Investor	Commissions & Expenses	Offering Proceeds to the Company
Per Minimum Purchase Class A Units <sup>(1)</sup>	\$100,000	\$9,000	\$91,000
Total Class A Units Offered <sup>(1)</sup>	\$10,000,000	\$900,000	\$9,100,000

<sup>(1)</sup> See "Planned Offering Proceeds and Expenses" on following page.

**THE CLASS A UNITS ARE SPECULATIVE SECURITIES THAT INVOLVE A HIGH DEGREE OF RISK. ONLY THOSE WHO CAN BEAR THE LOSS OF THEIR ENTIRE INVESTMENT SHOULD INVEST.**

**ONLY ACCREDITED INVESTORS MAY PURCHASE CLASS A UNITS. THE CLASS A UNITS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), THE SECURITIES ACT OF ARIZONA OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION RELYING ON EXEMPTIONS FROM REGISTRATION PROVIDED BY SECTION 4(a)(2) OF THE ACT, RULE 506(c) OF REGULATION D AND OTHER COMPARABLE EXEMPTIONS. ONLY PROSPECTIVE PURCHASERS WHO PROVIDE THE MANAGER WITH INFORMATION ENABLING THE MANAGER TO SUPPORT A "REASONABLE BELIEF" THAT SUCH PERSONS ARE "ACCREDITED INVESTORS" MAY INVEST IN THE UNITS. SEE "WHO MAY INVEST".**

THE DATE OF THIS CONFIDENTIAL PRIVATE PLACEMENT OFFERING MEMORANDUM IS

MAY 5, 2014

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(continued from previous page)

Planned Offering Proceeds and Expenses	Maximum Offering	
Class A Member Units Sold <sup>1,2</sup>	100.0%	\$10,000,000
Offering Commissions; Custodian Fees <sup>3</sup>	8.0%	800,000
Offering Expenses <sup>4</sup>	1.0%	100,000
Working Capital <sup>5</sup>	91.0%	9,100,000
Total Planned Use of Offering Proceeds	100.0%	\$10,000,000

(1) There is no minimum Offering. Each Subscriber's funds will be placed in an escrow account at Alliance Bank of Arizona in Phoenix, Arizona until the Company accepts the Subscriber as a Class A Member at which time the escrowed funds will be distributed to the Company.

(2) Eligible Persons may purchase Class A Units at a Modified Price of not less than \$920 per Class A Unit. Subscribers fund their Class A Unit Purchase Price by paying 100% of the amount subscribed at Subscription. We expect to terminate the Offering when all of the 10,000 Class A Units offered by this Offering have been sold, or March 31, 2015 (whichever occurs sooner), unless extended by us for up to an additional 180 days, at the sole discretion of the Company.

(3) The Class A Units are being offered by members of management of the Company on a "best efforts" basis, who will receive no compensation related to their sales activities. Offering fees and commissions of up to 8.0% of the Subscription Purchase Price may be paid by the Company on Class A Units sold in this Offering where sales are made by securities dealers and other Selling Agents legally authorized to receive such compensation. If costs, fees or expenses of the Offering exceed the percentages of Offering proceeds allocated for those items, the Manager may pay any excess amounts from its own funds. The Company will not pay offering commissions or custodian fees relating to Class A Units sold at the Modified Price. Regarding purchases of Class A Units by IRAs, if applicable, the Company will pay a one-time fee to the associated IRA custodian of up to \$500, which payment will be deducted from any commissions otherwise due on the sale of the associated Class A Units. Offering commissions on Class A Unit sales and IRA custodian payments will be paid from Offering Proceeds based on sales of Class A Units accepted by the Company during the Offering Period.

(4) Offering Expenses in an amount up to 1% of Offering Proceeds may be paid by the Company for legal, accounting, escrow, printing and other related expenses. If costs, fees or expenses of the Offering exceed the percentages of Offering proceeds allocated for those items, the Manager may pay any excess amounts from its own funds.

(5) We intend to use working capital to fund operating requirements of the Company and repayment of loans made to us by USA HHC, LLC, Advisor and other Affiliates for our organizational and operating requirements. See "Uses of Offering Proceeds and Gross Operating Income".

## CERTAIN FACTORS; LEGENDS

THE UNITS ARE SPECULATIVE SECURITIES THAT INVOLVE A HIGH DEGREE OF RISK. ONLY THOSE WHO CAN BEAR THE LOSS OF THEIR ENTIRE INVESTMENT SHOULD INVEST. PROSPECTIVE INVESTORS, PRIOR TO MAKING AN INVESTMENT, MUST EXAMINE THE "RISK FACTORS" SECTION THAT BEGINS AT PAGE 53, AND SHOULD CAREFULLY CONSIDER ALL OF THE RISKS, CONFLICTS OF INTEREST AND SPECULATIVE FACTORS INHERENT IN AND AFFECTING THE BUSINESS OF THE COMPANY.

THE UNITS OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), UNDER THE ARIZONA SECURITIES ACT, OR UNDER ANY OTHER STATE SECURITIES ACT IN RELIANCE UPON EXEMPTIONS FOR TRANSACTIONS NOT INVOLVING A PUBLIC OFFERING. ONLY PROSPECTIVE PURCHASERS WHO PROVIDE THE MANAGER WITH INFORMATION ENABLING THE MANAGER TO SUPPORT A "REASONABLE BELIEF" THAT SUCH PERSONS ARE "ACCREDITED INVESTORS" MAY INVEST IN THE UNITS.

THE OFFERING OF THE UNITS AND OPERATION OF THE COMPANY INVOLVE SEVERAL ACTUAL AND POTENTIAL CONFLICTS OF INTEREST. THE MANAGER HAS TOTAL MANAGERIAL POWERS OVER THE COMPANY. CLASS A MEMBERS AND CLASS B MEMBERS WILL HAVE LIMITED RIGHTS TO VOTE ON OR APPROVE ANY DECISIONS OF THE MANAGER. THE COMPANY WAS FORMED ON JANUARY 15, 2014 AND HAS NO OPERATING HISTORY. THE ORIGINAL COMPANY NAME WAS USA BARCELONA LAND COMPANY I, LLC. THE NAME WAS CHANGED TO USA BARCELONA HOTEL LAND COMPANY I, LLC ON FEBRUARY 25, 2014, TO ADD CLARITY AS TO THE NATURE OF THE COMPANY'S BUSINESS.

THERE IS NO PUBLIC MARKET FOR THE UNITS, NOR IS SUCH A MARKET EXPECTED TO DEVELOP. NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS MEMORANDUM AND OTHER DOCUMENTS PROVIDED BY THE MANAGER AND ANY INFORMATION NOT SET FORTH THEREIN MUST NOT BE RELIED UPON. THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION MAY NOT LEGALLY BE MADE. THE STATEMENTS IN THIS MEMORANDUM ARE MADE AS OF THE OFFERING EFFECTIVE DATE, AND NEITHER THE DELIVERY OF THIS MEMORANDUM NOR ANY SALE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION SET FORTH HEREIN SINCE THE DATE OF THIS MEMORANDUM.

ANY REPRODUCTION OF THIS MEMORANDUM IN WHOLE OR IN PART, ITS DISTRIBUTION TO ANY PERSON OTHER THAN A PROSPECTIVE PURCHASER, OR THE DIVULGENCE OF ANY OF ITS CONTENTS OTHER THAN TO SUCH PERSON'S ADVISOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE MANAGER, IS UNAUTHORIZED AND PROHIBITED.

EACH PROSPECTIVE PURCHASER AND HIS ADVISORS, IF ANY, ARE ENCOURAGED TO AVAIL THEMSELVES OF THE OPPORTUNITY TO ASK QUESTIONS OF, AND RECEIVE ANSWERS FROM, THE MANAGER CONCERNING THE TERMS AND CONDITIONS OF THIS MEMORANDUM AND TO OBTAIN ADDITIONAL INFORMATION, TO THE EXTENT POSSESSED OR OBTAINABLE WITHOUT UNREASONABLE EFFORT OR EXPENSE, NECESSARY TO VERIFY THE ACCURACY OF THE INFORMATION IN THIS MEMORANDUM.

## REFERENCE TO INDUSTRY TRADEMARKS AND TRADE NAMES

"Marriott", "Courtyard by Marriott", "SpringHill Suites", "Fairfield Inn", "TownePlace Suites" and "Residence Inn" are registered trademarks of Marriott International, Inc. or one of its Affiliates. All references in this Memorandum to "Marriott" means Marriott International, Inc. and all of its Affiliates and subsidiaries. Marriott has no relationship with USA Barcelona Hotel Land Company I, LLC, or any of its Affiliates. Marriott is not involved in any way in this Offering, and is not responsible for any of the content of this Memorandum, whether relating to hotel information, operating information, or financial information. Marriott has not been consulted about this Memorandum, and has not approved any contents of this Memorandum or this Offering made by this Memorandum. Marriott has not assumed, and shall not have, any liability in connection with this Memorandum or the Offering made by this Memorandum.

"Hilton", "Hampton Inn", "Hampton Inn & Suites", "Hilton Garden Inn", "Homewood Suites by Hilton" and Home2 Suites by Hilton are each a registered trademark of Hilton Hotels Corporation or one of its Affiliates. Hilton has no relationship with USA Barcelona Hotel Land Company I, LLC, or any of its Affiliates. Hilton is not involved in any way in this Offering, and is not responsible for the content of this Memorandum, whether relating to hotel information, operating information, or financial information. All references in this Memorandum to "Hilton" mean Hilton Hotels Corporation and all of its Affiliates and subsidiaries. Hilton has not been consulted about this Memorandum, and has not approved any contents of this Memorandum or this Offering made by this Memorandum. Hilton has not assumed, and shall not have, any liability in connection with this Memorandum or the Offering made by this Memorandum.

"Hyatt", "Hyatt Place" and "Hyatt House" are each a registered trademark of Hyatt Hotels Corporation or one of its Affiliates. Hyatt has no relationship with USA Barcelona Hotel Land Company I, LLC, or any of its Affiliates. Hyatt is not involved in any way in this Offering, and is not responsible for any of the content of this Memorandum, whether relating to hotel information, operating information, or financial information. All references in this Memorandum to "Hyatt" mean Hyatt Hotels Corporation and all of its Affiliates and subsidiaries. Hyatt has not been consulted about this Memorandum, and has not approved any contents of this Memorandum or this Offering made by this Memorandum. Hyatt has not assumed, and shall not have, any liability in connection with this Memorandum or the Offering made by this Memorandum.

"Pyramid Hospitality and Development Company", or "Pyramid" has no relationship with USA Barcelona Hotel Land Company I, LLC, or any of its Affiliates. Pyramid is not involved in any way in this Offering, and is not responsible for the content of this Memorandum, whether relating to hotel information, operating information, or financial information. Pyramid has not been consulted about this Memorandum, and has not approved any contents of this Memorandum or this Offering made by this Memorandum. Pyramid has not assumed, and shall not have, any liability in connection with this Memorandum or the Offering made by this Memorandum.

"Concord Hospitality Enterprises" and "Concord" has no relationship with USA Barcelona Hotel Land Company I, LLC, or any of its Affiliates. Concord is not involved in any way in this Offering, and is not responsible for the content of this Memorandum, whether relating to hotel information, operating information, or financial information. Concord has not been consulted about this Memorandum, and has not approved any contents of this Memorandum or this Offering made by this Memorandum. Concord has not assumed, and shall not have, any liability in connection with this Memorandum or the Offering made by this Memorandum.

We refer in this Memorandum to STR ("STR"), which provides data and benchmarking statistics for the hotel industry for North America and the Caribbean. STR is not involved in any way in this Offering, and is not responsible for the content of this Memorandum, whether relating to hotel information, operating information, or financial information. STR has not been consulted about this Memorandum, and has not approved any contents of this Memorandum or this Offering made by this Memorandum. STR has not assumed, and shall not have, any liability in connection with this Memorandum or the Offering made by this Memorandum.

We refer in this Memorandum to PKF Consulting USA, LLC and PKF Hospitality Research, LLC ("PKF"). PKF manages an extensive database of hotel property income statements and sale prices that provide information services and custom research in the industry. PKF is not involved in any way in this Offering, and is not responsible for the content of this Memorandum, whether relating to hotel information, operating information, or financial information. PKF has not been consulted about this Memorandum, and has not approved any contents of this Memorandum or this Offering made by this Memorandum. PKF has not assumed, and shall not have, any liability in connection with this Memorandum or the Offering made by this Memorandum.

We refer in this Memorandum to HVS Consulting & Valuation Services ("HVS") a global hotel consulting and valuation firm with offices in North America, Europe, Asia, South America and the Middle East. HVS is not involved in any way in this Offering, and is not responsible for the content of this Memorandum, whether relating to hotel information, operating information, or financial information. HVS has not been consulted about this Memorandum, and has not approved any contents of this Memorandum or this Offering made by this Memorandum. HVS has not assumed, and shall not have, any liability in connection with this Memorandum or the Offering made by this Memorandum.

"Chanen Construction Company" ("Chanen") and USA Barcelona Realty Holding Company, LLC have reached an agreement that Chanen will coordinate with the Company the Entitlement work on the Land Parcels and handle all site development and construction requirements for the New Build Affiliates. Chanen is not involved in any way in this Offering, and is not responsible for the content of this Memorandum, whether relating to hotel information, operating information, or financial information. Chanen has not been consulted about this Memorandum, and has not approved any contents of this Memorandum or this Offering made by this Memorandum. Chanen has not assumed, and shall not have, any liability in connection with this Memorandum or the Offering made by this Memorandum.

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#### **SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS**

MANY OF THE STATEMENTS CONTAINED IN THIS MEMORANDUM DISCUSS FUTURE EXPECTATIONS, CONTAIN PROJECTIONS OF RESULTS OF OPERATION OR FINANCIAL CONDITION, OR STATE OTHER "FORWARD-LOOKING" INFORMATION. ALL STATEMENTS OF FORWARD-LOOKING INFORMATION ARE SUBJECT TO KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS, CERTAIN OF WHICH ARE BEYOND OUR CONTROL THAT COULD CAUSE THE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE CONTEMPLATED BY THE STATEMENTS. THE FORWARD-LOOKING INFORMATION IS BASED ON VARIOUS FACTORS AND WAS DERIVED USING NUMEROUS ASSUMPTIONS. IN LIGHT OF THE RISKS, ASSUMPTIONS, AND UNCERTAINTIES INVOLVED, THERE CAN BE NO ASSURANCE THAT THE FORWARD-LOOKING INFORMATION CONTAINED IN THIS MEMORANDUM WILL IN FACT TRANSPIRE OR PROVE TO BE ACCURATE.

Important factors that may cause the forecasted results to differ include, for example:

- Our ability to raise capital sufficient for us to conduct business according to our plans.
- Risks associated with the hotel industry, including competition, increases in employment costs, energy costs and other operating costs, or decreases in demand caused by events beyond our control including, without limitation, actual or threatened terrorist attacks, any type of flu or disease-related pandemic, or downturns in general and local economic conditions.
- The availability and terms of financing and capital and the general volatility of securities markets.
- Our ability to acquire desirable future Land Parcels on a favorable basis, and to obtain a satisfactory price when we liquidate the fully Entitled Land Parcels.
- Risks associated with the real estate industry, including environmental contamination and costs of complying with the Americans with Disabilities Act and similar laws.
- Interest rate increases.
- Our ability to maintain sufficient liquidity and our access to capital markets.
- The effect of changing economic conditions in the United States.
- Our relationships with franchisors.
- We have included a Financial Forecast forecasting Company operations for the period 2014-2017. Our Financial Forecast is based on many assumptions. Our assumptions may be wrong.
- Changes in the law and other risks which are described under "Risk Factors".

We do not promise to update forward-looking information to reflect actual results or changes in assumptions, to release publicly any revisions to any forward-looking statements, to report events or circumstances after the date of the Memorandum or to report the occurrence of unanticipated events, or other factors that could affect those statements.

Statements preceded by, followed by or that otherwise include the words, "believes", "expects", "anticipates", "intends", "estimates", "plans", "may", and similar expressions of future or conditional verbs such as "will", "should", "would", and "could" are generally forward-looking in nature and not historical. The factors discussed under "Risk Factors", in addition to those discussed elsewhere in this Memorandum, could affect the future results of the Company and could cause results to differ materially from those expressed in the forward-looking statements.

For any forward-looking statements contained in the Memorandum, the Company claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

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# USA Barcelona Hotel Land Company - I, LLC

An Arizona Limited Liability Company

## CONFIDENTIAL PRIVATE PLACEMENT OFFERING MEMORANDUM

\$10,000,000

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## I. OFFERING SUMMARY- USA Barcelona Hotel Land Company I, LLC

*This Summary highlights selected information contained elsewhere in this Memorandum. It is not complete, and may not contain all of the information that is important to you. To understand this Memorandum more fully, you should read the entire Memorandum carefully, including the Risk Factors, Conflicts of Interest, Business Plan, Management & Advisors, Financial Statements and Financial Forecast of Cash Flows for Period 2014-2017, particularly the assumptions used by Management to create the Forecast. Capitalized terms used in this Memorandum and not otherwise defined have the meanings set forth in "Defined Terms".*

### The Company

The Company was formed on January 15, 2014 as an Arizona limited liability company under the name USA Barcelona Hotel Company I, LLC. A name change to USA Barcelona Hotel Land Company I, LLC was filed with the State of Arizona on February 25, 2014, to add clarity as to the nature of the Company's business.

The Company is a manager managed ("Manager Managed") limited liability company and its manager is USA Barcelona Hotel Holding Company, LLC. Our Advisor, USA Barcelona Realty Advisors, LLC, will provide all administrative services to the Company and our Affiliates. The Company's registered office is located at 7025 N. Scottsdale Road, Suite 160, Scottsdale, Arizona 85253. Its telephone number is 480-625-4355.



### Terms of the Offering

The Company is offering and selling, to Accredited Investors only, up to 10,000 Class A Units at \$1,000 per Class A Unit. There is no minimum Offering. Each Subscriber's funds will be placed in an escrow account at Alliance Bank of Arizona in Phoenix, Arizona until the Company accepts the Subscriber as a Class A Member.

Purchasers must purchase a minimum of one hundred (100) Class A Units at \$1,000 per Class A Unit (\$100,000), except that we may permit investments of a lesser amount in our discretion. Eligible Persons may purchase Class A Units at a Modified Price of not less than \$920 per Class A Unit.

Subscribers must purchase Class A Units for cash by paying 100% of the amount subscribed at Subscription. We expect to terminate the Offering when all of the 10,000 Class A Units offered by this Offering have been sold, or March 31, 2015 (whichever occurs sooner), unless extended by us for up to an additional 180 days, at the sole discretion of the Company.

The Offering will terminate no later than March 31, 2015, subject to the right of the Company, exercisable in its sole discretion, to extend the Offering for an additional period not to exceed 180 days.

### USA Barcelona Realty Holding Company, LLC Business Plan

This Offering of USA HLC-I is the only Fund the Parent Company intends to sponsor for the Entitlement of Land Parcels. We intend to follow this Offering with a series of offerings by New Build Affiliates. As currently planned, each New Build Affiliate would acquire a Land Parcel from the Company, and then construct, own and operate a select service hotel on the Land Parcel. The Hotel Land Parcel Entitlement Program is designed to create value through obtaining the necessary Entitlements to make a Land Parcel ready for hotel construction ("Shovel Ready"). The Company plans to sell each Land Parcel on a basis that will result in the Company receiving cash payments from the New Build Affiliates for the Land Parcels and Refundables. See "Business Plan - The Company Receives a Refundables Payment from the New Build Affiliates" for a discussion of Refundables.

Upon completion of the Entitlement Process, the Company plans to assign or sell each Land Parcel to a New Build Affiliate. For a Land Parcel acquired by the Company during the Entitlement Period, we intend to "sell" the Land Parcel to a New Build Affiliate. For a Land Parcel that the Company has not yet acquired, but controls under terms of a Land Parcel Purchase Contract (which is the primary plan), the Company intends to "assign" the Land Parcel Purchase Contract to a New Build Affiliate for a cash price that represents the difference between the appraised value of the Entitled Land Parcel and the purchase price owed to the seller under the Land Parcel Purchase Contract. See "Business Plan - Value Creation Resulting From the Entitlement Process" for an example of value creation.

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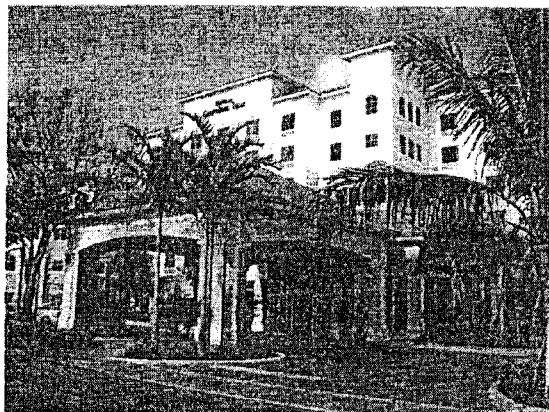
In the event a New Build Affiliate designated to receive a specific Land Parcel is not capitalized to accept the assignment of the related Land Parcel Purchase Contract, the Company intends to employ other resources that may be available to it, which could include cash reserves, secured bank credit facilities, or advances from the Parent Company, to accommodate a required Land Parcel purchase.

Following construction and achieving stabilization ("Stabilization") of each hotel built by a New Build Affiliate, we plan that the hotels will be sold or exchanged to USA Barcelona REIT, another entity that we intend to create. If and when the USA Barcelona REIT's hotel portfolio is of sufficient size and economic performance, our Parent Company plans for the REIT to conduct an initial public offering. We anticipate that the Parent Company will create additional Funds with similar Hotel Land Parcel Entitlement Program and New Build Program objectives.

#### Land Entitlement Strategy

We intend to create Shovel Ready Land Parcels on which New Build Affiliates will construct hotels with franchises from leading hotel brands, which we expect to primarily include Marriott, Hilton and Hyatt. Our investment objective, as described above, is to create value in Land Parcels through the Entitlement Process.

Our Hotel Land Parcel Entitlement Program calls for each Entitled Land Parcel to be acquired from us by a New Build Affiliate. We expect that the Hotel Land Parcel Entitlement Program will provide Land Parcels ready for hotel construction to our New Build Affiliates which we believe will provide the underpinnings of the Parent Company's profit model.



We expect to identify Land Parcels that are well-positioned for the construction of select service hotels. The Land Parcel acquisition, Entitlement and disposition strategy focuses on providing our investors with quarterly Distributions commencing in mid-2015 and diversification of risk through our investment in multiple Land Parcels located in several markets in the US. See "Business Plan - Targeted Land Parcel 'Qualified Land Parcel' Map".

#### Advisor's Capital Contributions

Our Advisor, USA BRA, has been granted a \$500,000 Capital Account Credit for work it has contributed to the Company for organizational period services which resulted in the formation of the Company and its subsidiary SLP LLCs, Land Parcel sourcing and related negotiations with land owners on behalf of the Company in its formation stage, negotiations with third party companies for various entitlement related services to be provided to the Company and other associated matters. Additionally, USA BRA's capital account will be credited \$500,000 for Land Parcel Entitlement Completion fees it has agreed to forego in order for the Company to establish a Liquidity Feature. Accordingly, USA BRA's Capital Account will be credited a total amount of \$1,000,000 for these Capital Contributions.

#### Investment Features Overview

The information below is based on our Forecast included as Exhibit D in this Memorandum, which is forward-looking information that is subject to known and unknown risks, uncertainties, and other factors, many of which are beyond our control, and could cause the actual results to vary materially from those contemplated in the Forecast. The Forecast was created using numerous assumptions set forth in the Forecast, which you should examine carefully. In light of the risks, assumptions and uncertainties involved, we can give no assurance that the forward-looking information in the Forecast will in fact transpire or prove to be accurate.

We forecast the maximum investment period for an investment in the Company to be 36 months. The Forecast predicts that Members would receive quarterly Distributions over the latter half of that period. The Forecast indicates the total return will be in excess of 200% of the original investment, achieved over a three year period.

#### Key Assumptions in the Forecast

**Number Of Land Parcels** – 16 Land Parcels will be incorporated in the Hotel Land Parcel Entitlement Program, thereby offering the investors in the Class A Units diversification of opportunity and risk.

**Time to Entitle Land Parcels** - Each Land Parcel will be held by the Company for an average of 12 months while the Land Parcel moves through its Entitlement Process.

**Expected Investment Period** - The 16 Land Parcels will be brought under contractual control over a period of 24 months leading to an expected life-cycle of the Company of 36 months from the time the initial Land Parcel is contracted to be acquired by the Company to the sale of the last Land Parcel to a New Build Affiliate.

#### Key Investment Features

**Quarterly Distributions** - Investors will receive periodic cash Distributions as Land Parcels are liquidated to the New Build Affiliates. We believe these cash Distributions will occur quarterly commencing in the second quarter of 2015.

**Final Distribution Option** - Class A Members may choose to (i) accept a cash payment for the full amount of their Final Distribution, (ii) forego a cash payment for the Final Distribution in full and receive investment units in a New Build Affiliate specified by the Company; or, (iii) split the Final Distribution amount into (a) a partial cash payment; and, (b) the balance in units in the specified New Build Affiliate. See Final Distribution Option under "The Offering".

**Liquidity Feature** – The Company intends to create a Liquidity Feature to be funded by USA BRA receiving Class B Member Units in lieu of cash payment of the first \$500,000 of Land Parcel Entitlement Completion Fees which become due from the Company. Effective May 1, 2015, a Class A Member suffering a financial hardship may petition the Company to acquire its Class A Units. If the Parent Company's board of directors, in its sole discretion, determines that a hardship is genuine, and if the Liquidity Feature reserve is adequate, the Company will purchase up to \$50,000 of the Member's Class A Units at 92% of the Initial Capital Contribution paid for those Units. This Liquidity Feature would be limited to \$50,000 for any one Member, and \$500,000 in aggregate.

**Passive Income** - We believe the Company will be deemed to be a dealer in property and the income allocations will be taxed as ordinary income to the investors. We believe the income of the Company will be classified for federal tax purposes as "passive investment income". Where applicable, we believe that investors possessing passive investment losses will be able to offset the recognition of income allocations received from the Company with their suspended passive activity losses. Accordingly, our investment produces a hard-to-find passive income generator, or "PIG".

#### Distributions

The Company plans to make Distributions to the Members on a quarterly basis commencing in mid-2015 or as otherwise determined by the Company and in accordance with the Distribution procedure shown in "The Offering" and as stipulated in the Operating Agreement. See "Exhibit B – Operating Agreement". The following chart is a summary of forecast Distributions benefits for a \$100,000 Investment in Class A Units shown by Quarter for each year in the Forecast.

Forecast Distributions, by Quarter (based on a \$100,000 investment in Class A Units)

Year	ROI	Totals	Q-1	Q-2	Q-3	Q-4
2014	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -
2015	23.6%	23,643	-	7,774	7,873	7,997
2016	77.2%	77,232	8,859	9,751	20,463	38,160
2017	113.7%	113,650	113,650	-	-	-
Total Return	214.5%	\$ 214,526				

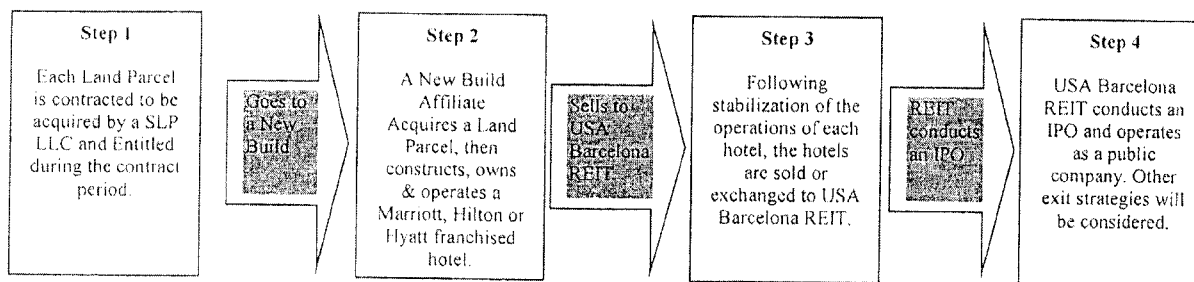
## A Perspective on the Company and our Parent Company's Plan

The following is provided to give a perspective on how the Company fits into the larger business plan of our Parent Company. Our Hotel Land Parcel Entitlement Program is the first step in the four step plan of USA Barcelona Realty Holding Company (the "Parent Company") to build a hotel portfolio for its planned Affiliate USA Barcelona REIT and "go public".

This Offering represents an investment in USA Barcelona Hotel Land Company I, LLC ("USA HLC-I"), which plans to contract to acquire Land Parcels and during the contract period, Entitle the Land Parcels, and sell or assign each Entitled Land Parcel to a New Build Affiliate that would construct, own and operate a Marriott, Hilton or Hyatt (possibly other brands) hotel on each Land Parcel.

Following construction and achieving stabilization ("Stabilization") of each hotel built by a New Build Affiliate, we plan that the hotels will be sold or exchanged to USA Barcelona REIT, another entity that we intend to create. If and when the USA Barcelona REIT's hotel portfolio is of sufficient size and economic performance, our Parent Company plans for the REIT to conduct an initial public offering. We believe that our plan offers short term benefits from the investment in the Company and optional opportunities to participate in the longer term plans of the New Build Affiliates and potentially the USA Barcelona REIT. See "Business Plan". While the Company's business plan is discussed at length in this Memorandum, details of our Parent Company's plan is outside the scope of this Offering.

*About our nomenclature - An SLP LLC is an Affiliate of the Company that is making this Offering. Each SLP LLC contracts to acquire a single Land Parcel. Each SLP LLC expects to bear the expenses of the Entitlement activities conducted on its Land Parcel, and intends to sell its Entitled Land Parcel or assign its Land Parcel Purchase Contract for its Land Parcel Purchase Contract to a New Build Affiliate that will construct, own and operate a hotel on the Land Parcel.*



**Step 1 - The Company is only involved in Step 1.** Entitlement activities include negotiating the purchase of Land Parcels, performing due diligence on Land Parcels, coordinating planning and design for hotels to be built on the Land Parcels, arranging construction and mini-permanent financing for the hotels to be constructed by New Build Affiliates, obtaining franchise approval for the New Build Affiliates' hotels, and achieving all necessary approvals for the New Build Affiliates to obtain building permits to build their hotels. During the Entitlement Process, the Company intends to complete essentially all requirements needed for the New Build Affiliate to obtain permits and construct hotels on their Land Parcels. We expect that the Entitlement Process will add considerable value to the Land Parcels. The profits realized from moving the Land Parcels to the New Build Affiliates and the Refundables received by the Company from the New Build Affiliates will be our sources of income.

Class A Members in the Company will have the opportunity to make a tax deferred move from ownership of Class A Units in the Company to ownership of investment units in a New Build Affiliate. It is implemented under "Final Distribution Option" which works as described in the following.

At the time the Company determines to make the Final Distribution, each Class A Member will have the following choices: (i) accept a cash payment for the full amount of its Final Distribution, (ii) forego a cash payment for the Final Distribution in full and receive investment units in a New Build Affiliate, that will be specified by the Company; or, (iii) split the Final Distribution amount into (a) receipt of a partial cash payment; and, (b) the balance in investment units in the specified New Build Affiliate. Units in the specified New Build Affiliate will be valued net of any Sales Fees associated with the units. See "Section II" for further discussion of the Final Distribution Option.

**Step 1 hand-off to Step 2** - The Company does not intend to acquire any Land Parcels, rather, we plan to control them through the Land Parcel Purchase Contracts and upon completion of the Entitlement Process, sell each Land Parcel we have acquired to a New Build Affiliate, or, for the Land Parcels we have not acquired, assign each Land Parcel Purchase Contract to a New Build Affiliate. Whether we execute a "sale" or "assignment" transaction with a New Build Affiliate will be based on:

- (i) For a Land Parcel acquired by the Company during the Entitlement Period, we expect to "sell" the Land Parcel to a New Build Affiliate, or,
- (ii) At the time entitlement is complete, for a Land Parcel that the Company has not yet acquired and controls under terms of the Land Parcel Purchase Contract, the Company will "assign" the Land Parcel Purchase Contract to a New Build Affiliate. The sales price of the Entitled Land Parcel to the New Build Affiliate will be established by an independent MAI appraisal, and the Company's net profit on the Land Parcel transaction with a New Build Affiliate would be the difference between the appraised value of the Land Parcel and Company's contract price with the seller.

**Step 3** - We forecast that a New Build Affiliate would construct (about a 12 month process) a hotel on its Land Parcel and operate the hotel to the point of Stabilization (we forecast a four year operating period but it could be more or less than four years). At Stabilization, the hotel would then be sold or exchanged to USA Barcelona REIT that the Parent Company intends to organize.

**Step 4** - At the point where USA Barcelona REIT's hotel portfolio has sufficient earnings performance, USA Barcelona REIT would endeavor to conduct an IPO. Upon completion of the IPO, investors in USA Barcelona REIT would hold registered shares in the new public company. We will also consider other exit strategies.

#### **The USA Barcelona Entities**

Because there are multiple entities with "USA Barcelona" names, it may be difficult to distinguish among those entities when reading the Memorandum. The organizational structure of the Parent Company, USA Barcelona Realty Holding Company, LLC, the Company, the Company's SLP LLCs and other Affiliated entities is described below. They are discussed in order of the chain of managerial control. Other important entities are discussed but are not principal entities in the chain of control.

- 1. USA Barcelona Realty Holding Company, LLC** - The Parent Company is the Manager of USA HHC, the Company's Manager, and is referred to herein as:

- ✓ *USA RHC*
- ✓ *Parent Company*

Purpose - The top of the organization. Officers and directors create the Parent Company Plan and the manner in which the business will be separated into various Affiliates that execute the Parent Company Plan.

- 2. USA Barcelona Hotel Holding Company, LLC** - the Company's Manager and referred to herein as:

- ✓ *USA Barcelona Hotel Holding Company, LLC*
- ✓ *USA HHC*

Purpose - to act in the capacity of Manager of the Company and future hotel Funds and New Build Affiliates.

- 3. USA Barcelona Hotel Land Company I, LLC** - The Company making this Offering and referred to herein as:

- ✓ *USA Barcelona Hotel Land Company I, LLC*
- ✓ *USA HLC-I*
- ✓ *Company, us, we*

Purpose - to acquire and entitle Land Parcels and when Entitled, sell or assign each Land Parcel to a New Build Affiliate.

- 4. Single Land Parcel LLCs** - The single land parcel affiliates of the Company, referred to herein as:

- ✓ *SLP LLC(s)*

Purpose - The Company contracts to acquire each Land Parcel in the name of a specific SLP LLC. The letter of intent and Land Purchase Parcel Purchase Contract, all Entitlement activities and all service contracts are conducted in the name of a specific SLP LLC. Our Advisor has an Advisory Agreement with each SLP LLC.

5. **USA Barcelona Realty Advisors, LLC** – Our Advisor, also referred to herein as:

- ✓ **USA BRA**
- ✓ **Advisor**

Purpose – Neither the Company nor any of our Affiliates have any employees. All of the work conducted to execute our business plan, our Parent Company Plan and its Affiliates' business plans is accomplished by USA BRA under Advisory Agreements with us and each Affiliate with whom it engages. USA BRA will provide advisory services to the Parent Company, the Company's Manager, the Company, the SLP LLCs, and all other USA Barcelona Affiliates.

**Other Affiliates**

**New Build Affiliates** – Affiliates that we intend to form to effectuate Stage 2 of our Parent Company's Plan. These single-purpose entities are referred to as:

- ✓ **New Build Affiliate(s)**

Purpose – Each New Build Affiliate would acquire a Land Parcel from the Company by either (i) purchase, or (ii) assignment of a Land Parcel Purchase Contract. The New Build Affiliate would construct, own and operate a hotel on the Land Parcel.

**USA Barcelona REIT** - The Parent Company Plan calls for each hotel, upon achieving Stabilization, to be sold or exchanged to the USA Barcelona REIT, which our Parent Company intends to organize.

- ✓ **USA Barcelona REIT**

Purpose – The Parent Company Plan calls for creating a hotel portfolio through construction at this point in the business cycle and acquisition at the latter stage of this cycle and into the early stage of the following business cycle. The Land Entitlement Company and the follow-on New Build Affiliates are the first two stages of this plan. The fourth stage of the Parent Company Plan is to take the USA Barcelona REIT public or there may be other alternatives that at the time would be more attractive for the investors in the Funds sponsored by the Parent Company, including USA Barcelona REIT.

## II. THE OFFERING

### Description of the Offering

The Company is offering and selling, to Accredited Investors only, up to 10,000 Class A Units at \$1,000 per Class A Unit. There is no minimum Offering. Each Subscriber's funds will be placed in an escrow account at Alliance Bank of Arizona in Phoenix, Arizona until the Company accepts the Subscriber as a Class A Member. Purchasers must purchase a minimum of 100 Class A Units at \$1,000 per Class A Unit (\$100,000), except that we may permit investments of a lesser amount in our discretion. We also intend to sell Class A Units to Eligible Persons, who may include our Affiliates, at a Modified Price of not less than \$920 per Class A Unit.

**Who May Invest.** Only Accredited Investors may purchase Class A Units. In general, natural persons must have a minimum annual income of at least \$200,000, or a net worth of \$1,000,000. See "Plan of Distribution - Investor Qualifications".

**Risk Factors.** The Class A Units being offered involve a high degree of risk. Prospective investors, prior to making an investment, should carefully consider the risks and speculative factors inherent in and affecting the business of the Company. See "Risk Factors".

**Net Offering Proceeds.** Estimated net proceeds of the Offering are \$9,100,000. See "Planned Use of Offering Proceeds".

**Subscription Payment.** Subscribers fund their Class A Unit Purchase Price by paying 100% of the amount subscribed at Subscription.

**Exempt Offering.** The Class A Units are being sold in an exempt offering to Accredited Investors pursuant to exemptions from registration afforded by Section 4(a)(2) of the Securities Act of 1933, as amended, Regulation D 506(c) adopted thereunder, and applicable state laws.

**Plan of Distribution.** The Class A Units are being offered by the members of management of the Company on a "best efforts" basis, who will receive no compensation related to their sales activities. Other persons who assist in sales, including registered investment advisors, licensed securities dealers and others ("Selling Agents") subject to applicable state securities laws, may receive fees or commissions of up to 8% on sales of Class A Units. We also intend to sell Class A Units to Eligible Persons, including certain clients of registered investment advisors, at a Modified Price of not less than \$920 per Class A Unit.

**Commissions; Sales to Eligible Persons.** The Company may pay fees and commissions of up to 8% of the price of Class A Units sold in this Offering where sales are made by licensed securities dealers and others ("Selling Agents") authorized to receive such amounts under applicable securities laws. The Company's estimated allocation of the net Offering Proceeds of this Offering is based upon projections regarding the Company's proposed business operations, its plans and current economic and industry conditions, and is subject to a reapportionment.

Additionally, regarding purchases of Class A Units by IRAs, the Company may pay a one-time fee to the associated IRA custodian of up to \$500, which payment will be deducted from any commission and expenses otherwise due on the sale of the associated Class A Units. Offering commissions on Class A Unit sales and IRA custodian payments will be paid from Offering Proceeds based on sales of Class A Units accepted by the Company during the Offering Period, and any unused funds apportioned to this category will be reapportioned to Company Working Capital. We also intend to sell Class A Units to Eligible Persons, including certain clients of registered investment advisors, at a Modified Price of not less than \$920 per Class A Unit. Maximum legal, accounting, printing and other expenses associated with the Offering are estimated to be \$100,000 and will be paid from Offering Proceeds.

**Escrow.** Each Subscriber's funds will be placed in an escrow account at Alliance Bank of Arizona in Phoenix, Arizona until the Company accepts the Subscriber as a Class A Member at which time the escrowed funds will be distributed to the Company.

**Allocations.** Each Member will be allocated a share of profit, loss, items of income, gain, credit or expenses for each fiscal year of the Company, in accordance with his or her respective Capital Account as provided in the Operating Agreement. See Exhibit B, Operating Agreement.

**Voting.** The Class A Members voting rights are limited to (i) any matter that would materially alter their Distribution rights, and (ii) the removal of the Manager for Cause. A Majority In Interest of the Class A Members must approve any action on which the Class A Members are entitled to vote. See Exhibit B - Operating Agreement.

**Class A Member Tax Returns.** The federal income tax information sent to each Class A Member by the Company following the close of each calendar year will be based in certain cases on interpretations of data compiled from the books and records of the Company. Management will endeavor in good faith to adhere to current income tax regulations, interpretations and precedents and will consult with independent public accountants and tax counsel to the extent deemed appropriate by management in compiling the tax information to be sent to the Class A Members. However, the amounts of income, gain, loss, deductions, credits or allowances reported by each Class A Member for his individual income tax returns on the basis on such tax information might, in the event of an audit, vary from the amounts ultimately determined or allowed by the IRS or by the courts.

#### **Liquidity Feature**

The Company intends to create a Liquidity Feature to be funded by USA BRA receiving Class B Member Units in lieu of cash payment of the first \$500,000 of Land Parcel Entitlement Completion Fees which become due from the Company. Effective May 1, 2015, a Class A Member suffering a financial hardship may petition the Company to acquire its Class A Units. If the Parent Company's board of directors, in its sole discretion, determines that a hardship is genuine, and if the Liquidity Feature reserve is adequate, the Company will purchase up to \$50,000 of the Member's Class A Units at 92% of the Initial Capital Contribution paid for those Units. This Liquidity Feature would be limited to \$50,000 for any one Member, and \$500,000 in aggregate.

#### **Final Distribution Option**

At the time the Company determines to make the Final Distribution, we intends to offer each Class A Member the following choices:

1. Accept a cash payment for the full amount of the Final Distribution;
2. Forego a cash payment for the Final Distribution in full and receive investment units in a New Build Affiliate that will be specified by the Company; or,
3. Split the Final Distribution amount into (i) a partial cash payment and (ii) the balance in units in the specified New Build Affiliate.

Units in the specified New Build Affiliate will be valued net of any sales fees or commissions associated with the units.

#### **Advisor's Capital Contributions**

Our Advisor, USA BRA, has been granted a \$500,000 Capital Account Credit for work it has contributed to the Company for organizational period services which resulted in the formation of the Company and its subsidiary SLP LLCs, Land Parcel sourcing and related negotiations with land owners on behalf of the Company in its formation stage, negotiations with third party companies for various entitlement related services to be provided to the Company and other associated matters. Additionally, USA BRA's capital account will be credited \$500,000 for Land Parcel Entitlement Completion fees it has agreed to forego in order for the Company to establish a Liquidity Feature. Accordingly, USA BRA's Capital Account will be credited a total amount of \$1,000,000 for these Capital Contributions.

#### **Distributions**

Each Class A Unit holder's ("Unit holder") capital account ("Capital Account") will be initially established in the amount of the purchase price paid for the Class A Units. We refer to that amount as the "Initial Capital Account".

Each Class B Unit holder's Capital Account will be initially established in the amount of the purchase price paid for the Class B Units plus any applicable Capital Account Credits ("Capital Account Credits") granted by the Company for amounts due for organization period work.

In any period in which a Distribution is made, for the purpose of calculating the amount of Distribution due to each Unit holder, the "8% Priority Distribution" and the "Additional 5% Distribution" shall be made based on the Unit holder's Initial Capital Account Balance until such time as the Unit holder's Capital Account is reduced to zero as a result of reductions created by Return Of Capital Distributions. The 8% Priority Distribution and the 5% Additional Distribution shall be eliminated following the Unit holder's Capital Account being reduced to zero.

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Distribution of Net Cash Flow. Commencing in the second quarter of 2015, as soon as practicable after the end of each quarter of the fiscal year, and, as to year-end distributions, in no event later than ninety (90) days after the end of each fiscal year, the Company plans to make Distributions as determined by the Manager in the following order of priority:

- (a) If at any time all accrued Cumulative Distributions from prior periods have not been made, the first Distribution shall be the "Catchup Distribution"; however, no Catchup Distributions shall be made if all accrued Cumulative Distributions from prior periods have been made. Any Catchup Distributions must be made: (i) first, 100% to the Class A Units until they have received all accrued Cumulative Distributions due from prior periods; and thereafter, (ii) 100% to the Class B Units until they have received all accrued Cumulative Distributions due from prior periods.
- (b) If no Catchup Distributions are due, the first Distribution shall be the "8% Priority Distribution", and shall be made: (i) 100% to the Class A Units until the holders of Class A Units have received a cumulative 8% return on their Initial Capital Account; and thereafter, (ii) 100% to the Class B Units until the holders of Class B Units have received a cumulative 8% return on their Initial Capital Account. The 8% Priority Distribution is Cumulative; thereafter,
- (c) The second Distribution shall be the "Additional 5% Distribution", and shall be made: (i) 100% to the Class A Units until the holders of Class A Units have received a cumulative additional 5% return on their Initial Capital Account; and thereafter, (ii) 100% to the Class B Units until the holders of Class B Units have received a cumulative 5% return on their Initial Capital Account. The Additional 5% Distribution is Cumulative; thereafter,
- (d) The third Distribution shall be the "Return of Capital Distribution", and shall be made: (i) 100% to the Class A Units until their Adjusted Capital Account balances are zero; and thereafter, to the Class B Units until their Adjusted Capital Account balances are zero; and thereafter,
- (e) The fourth Distribution shall be the "Final Distribution" and shall be made 90% to the Class A Units as a Class and 10% to the Class B Units as a Class.

Cumulative Distributions means in any period in which Distributions are declared by the Company, the first payment of Distributions shall be those accrued from prior periods and (i) due to the Class A Members and Class B Members under the 8% Priority Distribution, and (ii) due to Class A Members and Class B Members under the 5% Additional Distribution. Such payments shall be classified as Catch-up Distribution payments and shall be paid in full prior to the payment of any other Distributions to any Member. Unpaid Catch-up Distribution amounts due from prior periods and the current period, shall accrue and accumulate as Cumulative Distributions and are payable as Catch-up Distribution payments in the next period in which the Company declares and pays Distributions.

**Financial Forecast.** A Financial Forecast for the years 2014 through 2017 depicting our forecast of Company operating income, expenses and profits resulting from executing our business plan, as currently forecasted, is included as Exhibit D to the Offering.

Our Forecast is forward-looking information that is subject to known and unknown risks, uncertainties, and other factors, many of which are beyond our control, and could cause the actual results to vary materially from those contemplated in the Forecast. The Forecast was created using numerous assumptions set forth in the Forecast, which you should examine carefully. In light of the risks, assumptions and uncertainties involved, we can give no assurance that the forward-looking information in the Forecast will in fact transpire or prove to be accurate.

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### III. RISK FACTORS

THE UNITS BEING OFFERED INVOLVE A HIGH DEGREE OF RISK. PROSPECTIVE INVESTORS, PRIOR TO MAKING AN INVESTMENT, SHOULD CAREFULLY CONSIDER THE FOLLOWING RISKS AND SPECULATIVE FACTORS INHERENT IN AND AFFECTING THE BUSINESS OF THE COMPANY.

SOME OF THE MOST SIGNIFICANT RISKS TO YOUR INVESTMENT IN THE COMPANY INCLUDE:

#### Investment Risks

- *Members will not have the benefit of reviewing our past performance or any properties that we own.*

We do not have an operating history. We believe that we have developed a distinctive and sound business plan, and through USA BRA, we have assembled a management team with combined experience which we believe to be significant and fully qualified to meet our business objectives. We have no significant assets at this time.

We own no properties at this time, nor do we have any signed purchase agreements, options or letters of intent to acquire any of 16 Qualified Land Parcels that we include in our Financial Forecast. However, we have established what we believe are mutually acceptable terms and conditions for the purchase of seven Qualified Land Parcels with their respective owners, and we expect to have signed letters of intent for those Qualified Land Parcels by June 1, 2014. Because we have no signed agreements, Investors will have to rely upon the ability of our management to acquire and Entitle a suitable portfolio of Land Parcels. We can give no assurance that we will acquire any of the identified Qualified Land Parcels, or any other Land Parcels, or that we will operate successfully or achieve our objectives.

In addition, we do not intend to have employees, and will be dependent upon USA BRA to handle all of our administrative services requirements.

- *The Company does not have any cash flow from operations at its disposal and must depend on implementing its cash plan, which includes employing the funds received from this Offering, funds from Land Parcel sales and Refundables and possibly other debt or equity financings, if applicable.*

Our plans to raise capital are aggressive, and our Financial Forecast is based upon us being able to raise capital from a variety of means. If we are unable to raise capital as anticipated for the Company or for other Affiliates, particularly New Build Affiliates that we intend will purchase our Entitled Land Parcels, we will be unable to implement our business plans and meet our Financial Forecast.

- *Projections; Forward-Looking Information.*

We have provided a Financial Forecast, upon which we base all of the projected results of our business. Because we intend to acquire and Entitle Land Parcels in several currently undetermined geographic areas in the continental United States and possibly in Canada, no significant basis exists upon which accurate projections might be made. Any projections employed by the Company are hypothetical and based upon then present factors influencing our intended business. Assumptions regarding future changes in sales and revenues are necessarily speculative in nature. In addition, projections do not and cannot take into account such factors as general economic conditions, unforeseen changes in Land Parcel purchase and sale practices, the entry into our market of significant additional competitors, the terms and conditions of our future financings and other risks inherent to our proposed business. While we believe that the projections reflect possible future results of our operations based on sound industry data, those results cannot be guaranteed. The execution of our business plan is contingent upon the occurrence of many events, including the Company procuring the additional funding that is noted in the projections. We have based our Financial Forecast on many assumptions. You should critically examine our assumptions. Actual results will differ from our Financial Forecast. See "Exhibit D – Financial Forecast."

- *Investments and Advances in the Company by USA BRA.*

Our Advisor, USA BRA, has applied \$750,000 of overhead costs on behalf of the Company to the organization period of the Company. \$500,000 of that amount will be credited to USA BRA's Capital Account as paid in capital for its Class B Membership in the Company; the balance will be repaid without priority in cash. Distributions made to USA BRA as a Class B Member in ensuing periods will reduce amounts otherwise available for Distribution to the Class A Members.

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- *The Company and other Affiliates will rely on the management and personnel of the Advisor.*

Our senior executive officers have broad discretion to make investments, and they may make investments where the returns are substantially below expectations or which result in net operating losses. Management and other personnel of our Advisor, USA BRA, will serve the Company, and at the same time serve as the management and personnel of the Parent Company and its other Affiliates. The Advisor's management and personnel will not devote their full business time to serve the Company. Our Advisor has formed, and will form Affiliates, such as a real estate brokerage company, to which we would pay fees in connection with property acquisitions and dispositions. The Company will reimburse our Advisor for specified costs and expenses incurred on our behalf. These compensation arrangements have been established without the benefit of arms-length negotiation. The Company has no ownership interest in USA BRA.

Our ability to achieve our investment objectives and to make distributions to Members will depend upon our ability to execute the Company's business plan. Members must rely on the judgment of the management and personnel of the Advisor (who will also be employed by Affiliates) to apply the Offering Proceeds of this Offering and manage the Company's business. Members will not have an opportunity to evaluate the qualifications of outside advisors who may provide the Advisor with guidance, and we cannot assure you that any such advisors engaged by the Advisor will render prudent advice not mitigated by the knowledge and experience of the management and personnel of the Advisor's President and Affiliates. The Company's future success depends in large part upon the ability of its Advisor to hire and retain additional highly skilled managerial, operational and marketing personnel. The Advisor may require additional real estate, finance, operations and marketing people who have experience in the hotel industry. The Company cannot guarantee that its Advisor or its Affiliates will be successful in attracting and retaining skilled personnel. Should the Advisor or its Affiliates be unable to attract and retain key personnel, the ability of the Advisor to make prudent decisions for the Company may be impaired.

- *Accredited Investor Due Diligence.*

We will sell Units solely to Accredited Investors. Investors must rely on their own due diligence to the extent they deem appropriate with respect to, among other things, our business, business plan, capitalization, management, financial projections, and unaudited balance sheet. Information is presented based on certain assumptions we have made, and our assumptions may be incorrect.

- *We are a thinly-capitalized Company and, as a result, you cannot be sure how we will be operated and whether we will achieve the investment objectives described in this Memorandum.*

Our initial capitalization consists of \$501,000 of paid in capital from our Advisor which is comprised of a \$1,000 cash Capital Contribution and \$500,000 of organization costs credited to our Advisor's Class B Member Capital account. An additional \$250,000 of organization costs charged by our Advisor will be paid to it from operating revenues. We plan to reimburse all pre-offering period payables to third parties from Offering Proceeds or operating revenues.

Our "thin capitalization" entails additional risks for prospective Investors. Since we only have nominal assets, and must raise substantial funds to execute our plans, you cannot be sure how we will be operated, whether we will achieve the objectives described in this Memorandum or how we will perform financially. Furthermore, if we are not successful in selling more than 5,500 Units in our Offering (55% of the Units offered under the Offering), we will not be able to engage in our proposed business without formulating and implementing an alternative method to replace the additional capital which we plan to raise in this Offering. Consequently, shareholders may have an illiquid investment in a resultant small entity.

#### **Real Estate Business Risks**

- *The Company's success will be subject to its ability to identify, contract for purchase, Entitle and acquire Land Parcels for the Company.*

We intend to enter into Land Parcel Purchase Contracts for Qualified Land Parcels suitable for hotel development. These transactions, whether or not consummated, require substantial time and attention from management. Furthermore, potential Land Parcel acquisitions require significant expense, including expenses for due diligence, legal fees and related overhead. To the extent we do not consummate one or more of the transactions and fail to acquire all of these Land Parcels, and do not obtain suitable replacement Land Parcels, these expenses will not be offset by revenues from these properties. The purchase of properties we put under contract may not be consummated.

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- *We will face competition from numerous competitors in the hotel development industry which may limit our profitability and returns to our Members.*

The hotel development industry is highly competitive. Competition could drive up prices for suitable Land Parcels we seek to acquire and Entitle, which could adversely affect our operations. We expect to face competition from many sources. Overbuilding in the geographic areas in which we acquire Land Parcels could increase the number of hotel rooms available and may decrease demand for additional hotels. We will face competition from real estate investment trusts, management companies and hotel chains and other entities that may have substantially greater financial resources than we do. See "Business Plan".

- *Our business will be subject to risks generally associated with land acquisition and real estate Entitlement and development.*

The Company will be subject to the risks generally associated with land acquisition, Entitlement, improvement and resale, including the effect on the Company of the uncertainty of cash flow to meet its obligations, including distributions to its Members. Adverse local market conditions due to changes in general or local economic conditions, regional characteristics, interest rates, changes in real estate taxes, changes in governmental rules, and other factors which are beyond our control, may affect the ability of our goals.

- *Under its interest in Land Parcels, the Company, or its assigns, may become liable for unforeseen environmental obligations.*

Under applicable environmental laws, any owner of real property may be fully liable for the costs involved in cleaning up any contamination by materials hazardous to the environment. Even though the Company might be entitled to indemnification from the person that caused the contamination, there is no assurance that the responsible person would be able to indemnify the Company to the full extent of the Company's liability. Furthermore, the Company would still have costs and administrative expenses for which it may not be entitled to indemnification. The Company will undertake to mitigate such risks for unforeseen environmental obligations by having its Advisor perform appropriate due diligence on the land Parcels it develops and acquires, including obtaining soil reports, environmental reports and as other studies and reports are deemed necessary.

- *We will be dependent on our investments in a single industry.*

Our current strategy is to acquire Land Parcels suitable for hotel development in high demand markets in the continental United States, Entitle those Land Parcels, and sell or assign Shovel Ready Land Parcels to New Build Affiliates. As a result, we will be subject to the risks inherent in investing in only a limited segment of one industry. A downturn in the income-producing real estate industry may have more pronounced effects on the amount of cash available to us for distribution or on the value of our assets than if we had diversified our investments in other industries. See "Investing in the Lodging Industry."

Due to our concentration in Land Parcels for hotel development, a downturn in the lodging industry generally or a regional downturn in the markets in which we acquire Land Parcels would adversely affect our operation and financial condition.

#### **Buy-Out Risk**

The market for construction materials and labor varies throughout the United States and there is no assurance that a sufficient number of competitive trade contractor bids can be obtained in each and every city in which hotel projects may be built. Accordingly, the actual price of and schedule for construction may vary from budgets or other predictions of cost. Various factors including labor markets, materials markets, weather, and unexpected occurrences may disrupt construction of individual hotels and these disruptions may cause substantial variations in construction costs and time for construction.

#### **Safety Risks**

Construction involves various safety risks, including but not limited to, on-site safety of workers and visitor to the construction sites as well as toxic materials such as asbestos, asbestos products, PCB and other substances for which the storage and disposal of which is regulated by government agencies and municipalities. Costs associated with these risks may not be fully covered by insurance.

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## Liens and Encumbrances

Because of federal, state, and local legal regulation involving construction and the provision of labor and materials, liens and encumbrances may be filed by contractors, subcontractors, suppliers, architects, engineers and others which could represent a defect in and claim against the title of each hotel property. Furthermore, such lien owners may have the right to proceed against the underlying property which could trigger an event of default of any financing related to such property.

## Design Related Risk

The Company intends to hire one or more architects and engineers for each project, starting with the entitlement process. Numerous risks exist with respect to the hiring of such architects and engineers as follows:

1. Errors and Omissions. Architects and engineers may make errors and omissions that may cause damage to our property, the property of others or may also cause bodily injury. These risks may not be fully insurable.
2. Copyright Risk. Architects and engineers will be required to indemnify the Company from copyright risk with respect to their work; however, their work may infringe the copyrights of others and their indemnity may not be sufficient to protect the Company.
3. Price and Schedule. Architects and engineers hired by the Company may not be successful in obtaining budgeted or expected prices and completion schedules.
4. Claims. Architects and engineers contracted by the Company may file claims against the Company for additional and disputed charges and these may lead to protracted disputes.

## Risks Related to Developments in the Lodging Industry

- *Current economic conditions may reduce demand for hotel properties and adversely affect hotel profitability.*

The performance of the lodging industry has historically been closely linked to the performance of the general economy and, specifically, growth in the U.S. GDP. It is also sensitive to business and personal discretionary spending levels. Declines in corporate travel budgets and consumer demand due to adverse general economic conditions, such as declines in U.S. GDP, risks affecting or reducing travel patterns, lower consumer confidence or adverse political conditions can lower the revenues and profitability of hotel properties and therefore the potential value of any Land Parcel. The recent global economic downturn led to a significant decline in demand for products and services provided by the lodging industry, lower occupancy levels and significantly reduced room rates.

We cannot predict the pace or duration of any such decline in demand or the length or extent of any follow-on recovery in the lodging industry. Any period of sustained economic weakness in the lodging sector would likely have an adverse impact on our ability to execute our business plan that focuses on Entitling Land Parcels and selling them to New Build Affiliates, which would negatively affect our results of operations, and our ability to make Distributions to our Members.

## Conflicts of Interest Risks

The risk factors below describe material conflicts of interest that may arise in the course of the management and operation of the Company's business. The list of potential conflicts of interest reflects the Company's knowledge of the existing or potential conflicts of interest as of the date of this Offering. The Company cannot guarantee that no other conflicts of interest will arise in the future.

- *Affiliates will be paid fees and expenses from Company operations.*

Such payments include:

Organization Costs Reimbursement,  
Management Fees, and,  
Acquisition and Entitlement Completion Fees. See "Conflicts of Interest."

- *We Intend to Sell Our Entitled Shovel Ready Land Parcels to New Build Affiliates*

We expect to sell the Land Parcels that we Entitle to New Build Affiliates that we intend to organize and for which we intend to raise equity and debt capital. While we intend to have third parties appraise the Entitled Land Parcels to establish the sales prices, we will have conflicts arising from our joint ownership of, and participation in, the Company, New Build Affiliates, and other Affiliated entities dealing with one or more of these Affiliates.

- *There were no arms-length negotiations for our agreements with the Advisor.*

Our Advisor, USA BRA, may receive substantial compensation from us in exchange for management and investment services it has agreed to provide to us. USA BRA Advisors will supervise and arrange for the day-to-day management of our operations and will assist us in maintaining a continuing and suitable Land Parcel acquisition, Entitlement and disposition program. See "Conflicts of Interest."

- *The Company will not have employees.*

Instead of retaining its own employees, the Company, and any other Affiliate subsidiaries that we may form, will depend on USA BRA to provide services for day-to-day operations and for the acquisition of our properties and other assets.

- *Conflicts of Interest may exist with our management because they may have duties as an officer and director to companies with which we contract or with which we may compete for properties.*

Generally, conflicts of interests between management and us may arise because management may have ownership or management roles with companies that may enter into contracts with us to provide us with asset management, property acquisition and disposition, or other services. Officers will not receive a salary from us, but may receive benefits from Fees and reimbursements paid to USA BRA.

In addition, members of management may be principals in other real estate investment transactions or programs that may compete with us, and could have conflicts of interest because they may serve as officers of other Affiliates organized in the future. None of our Manager's executive officers, all of whom are employed by USA BRA, are required to devote any minimum amount of time and attention to us as opposed to any of these other companies.

Under our Operating Agreement, we will indemnify members of our Manager's management from any liability and related expenses incurred in dealing with us or our Members, except in the case of willful misconduct, bad faith, and reckless disregard of duties or violations of the criminal law committed by our Manager's management. See "Conflicts of Interest."

- *There may be conflicts because of interlocking boards of directors with affiliated companies.*

Members of our Manager's management may serve as directors or managers and concurrently serve as directors or management for other Affiliate entities which we may organize in the future. There may be instances where our Land Parcels are in the same markets as properties owned by such other entities. See "Conflicts of Interest."

- *If we lose management personnel, or are unable to attract and retain the talent required for our business, our acquisition, Entitlement and/or disposition of suitable Land Parcels and future operating results could suffer.*

Our future success depends to a significant degree on the skills, experience and efforts of management. We may not carry key-man life insurance on any members of management. The loss of the services of members of management or the inability to retain the talent required for our businesses would negatively impact our ability to acquire, Entitle and sell or transfer suitable Land Parcels, and could cause our future operating results to suffer. Although management believes that they will have sufficient time to provide management and other services both to us and to the other companies, management may in the future organize, there can be no assurance that such persons will have sufficient time. If it became necessary, management would seek to hire additional personnel to provide management and other services, but there can be no assurance that they would be successful in hiring additional personnel, if necessary.

- *Certain compensation arrangements are non-arm's length agreements.*

The Company's Agreements and arrangements for compensating and Affiliates are not the result of arm's length negotiations.

- *Competition may exist between the Company, its Funds and other Affiliates.*

The Company's Funds and Affiliates, may engage in businesses which are or will be competitive with the Company or which have the same objectives as those of the Company. However, the Company must use its best efforts to resolve conflicts of interest with its Affiliates in the best interest of the Company.

- *Affiliates lack separate legal representation.*

The same counsel represents the Company and its Affiliates, and the Company anticipates that this multiple representation by attorneys will continue in the future.

- *Company Affiliates will own Units of the Company, and may own equity interests in other Affiliates.*

Any Affiliate of the Company may acquire, own, hold and dispose of Units for that person's account and may exercise any of its, his or her rights to the same extent and in the same manner as if that person were not an Affiliate of the Company.

- *The Company and its Affiliates will face conflicts of interest concerning the allocation of personnel's time.*

The Company anticipates that it will engage in the business activities described in the section "Business Plan" in this Memorandum. Although management and personnel of the Company devote their full-time efforts to the business of the Company, other Affiliates will not do so. As a result, the Company and its Affiliates may have conflicts of interest in allocating time and resources between the business of the Company and those other activities. During times of intense activity in other programs and ventures, key personnel of Affiliates may devote less time and resources to the business of the Company than required by the needs of the Company.

- *The Company's Affiliates will face conflicts of interest arising from the Company's fee structure.*

Affiliates may receive certain fees in connection with the Offering and certain fees for services performed for the Company. These fees are quantified and described in greater detail under "About Our Advisor – USA Barcelona Realty Advisors, LLC" and in the chart of fees contained in that title. The Company's interests may diverge from those of the Affiliates to the extent that the Affiliates benefit from fees that are paid by the Company.

#### Participation Risks

- *Lack of Transferability of Interests.*

The Class A Units are not freely transferable, and are never intended to be freely transferable. Interests have not been registered with the Securities and Exchange Commission, the Securities Division of the Arizona Corporation Commission, or under any other state "blue sky" laws. No transfer of Interests may be made without the approval of the Manager and/or a Majority in Interest of the Members of the Company. We do not anticipate that any market for the Class A Units will develop, or that the holders of the Class A Units will be able to readily liquidate their investment in the event of an emergency or for other reasons. The Class A Units should be purchased only as a long-term investment.

- *Exempt Offering Risks.*

Class A Units in the Company are being offered only to persons who are accredited investors. If the Class A Units are deemed to be securities, and the Company should fail to comply with the requirements of exemptions for securities sales, Members would have the right to rescind their purchase of Class A Units. If a number of Members were to successfully seek rescission, the Company would face severe financial demands which could adversely affect the Company as a whole and, thus, the non-rescinding Members.

- *This is a "best-efforts" Offering of Class A Units conducted by our management and others, and there is no assurance that any Offering amount will be raised.*

This is a "best-efforts" Offering which we intend to have primarily conducted by management, although we may sell Class A Units through Selling Agents such as broker dealers, registered investment advisors and others subject to applicable state

securities laws. There is no Minimum Offering before the Company can use Offering Proceeds, and there is no assurance that any amount of Class A Units will be sold. Additionally, if we fail to sell a substantial number of Class A Units we could be undercapitalized, and may not be able to execute our business plan. See "Plan of Distribution", "Uses of Offering Proceeds and Summary Operating Cash Flow." and "Exhibit D - Financial Forecast."

#### Debt Financing Risks

- *The Company's results will be subject to fluctuations in interest rates and other economic conditions.*

Should the Company elect to implement bank financing in its capital plan, the Company's bank loans will generally have interest rates tied to a reference prime rate with periodic adjustments both up and down as the prime reference rate fluctuates. To offset this risk to the Company, the Company intends to negotiate restrictive rate change terms in all bank loans employed by the Company.

- *Any borrowing by the Company may increase Members' risk and may reduce the amount of earnings available for Distributions to Members.*

The Company anticipates that it will require significant future bank borrowings to meet Company cash requirements. The Company cannot assure that it will be successful in arranging any bank loans, or if it does, that such bank loans will be a positive factor in executing the Company's business plan.

Should the Company make future bank borrowings and be unable to repay the indebtedness and make the interest payments on any such bank loans, the lender will likely declare the Company in default and require that it repay all amounts owing under the bank loan. Even if the Company is repaying the indebtedness in a timely manner, interest payments owing on the borrowed funds may reduce the Company's income and the Distributions Members could receive.

The Company may borrow funds from several sources, and the terms of any loan may vary substantially from others. However, some lenders may require as a condition of making a loan that the lender will receive a priority on revenues received by the Company. As a result, the first revenues received by the Company may go to those lenders and that may decrease amounts available to meet the Company's other obligations, and distributions available to be made to Members.

- *Our conflicts of interest policy may not adequately address all of the conflicts of interest that may arise with respect to our activities.*

In order to avoid any actual or perceived conflicts of interest with our trustees, officers or employees, we have adopted a conflicts of interest policy to specifically address some of the conflicts relating to our activities. Although under this policy any transaction, agreement or relationship in which any of our trustees, officers or employees has an interest must have the approval of a majority of our disinterested trustees, there is no assurance that this policy will be adequate to address all of the conflicts that may arise or will address such conflicts in a manner that is favorable to us.

#### Tax Risks

**INVESTORS MUST LOOK TO THEIR OWN TAX ADVISORS REGARDING THE TAX IMPLICATIONS INHERENT IN THE COMPANY AND ITS OPERATION, AND THE IMPACT THE INVESTMENT WILL HAVE ON THEIR PERSONAL TAX SITUATIONS. NO TAX ADVICE IS GIVEN IN THIS MEMORANDUM.**

Prospective Members must look to their own tax advisors regarding the tax implications inherent in the Company and its operation, the income or deductions that the Company may potentially generate, and the impact the investment will have on their personal tax situations. The Company has no operating history, and potential income or deductions, if any, could only be based on the based on the Company's Forecast included as Exhibit D in this Memorandum, which is forward-looking information that is subject to known and unknown risks, uncertainties, and other factors, many of which are beyond our control, and could cause the actual results to vary materially from those contemplated in the Forecast. The Forecast was created using numerous assumptions set forth in the Forecast, which you should examine carefully. In light of the risks, assumptions and uncertainties involved, we can give no assurance that the forward-looking information in the Forecast will in fact transpire or prove to be accurate.

You must confer with your tax advisor to determine whether, if Company operations generate such tax loss items, you could use them to offset any distributions and/or other income.

- *Members' tax returns*

The federal income tax information sent to each Member by the Company following the close of each calendar year will be based in certain cases on interpretations of data compiled from the books and records of the Company. Management will endeavor in good faith to adhere to current income tax regulations, interpretations and precedents and will consult with independent public accountants and tax counsel to the extent deemed appropriate by management in compiling the tax information to be sent to the Members. However, the amounts of income, gain, loss, deductions, credits or allowances reported by each Member for his or her individual income tax returns on the basis on such tax information might, in the event of an audit, vary from the amounts ultimately determined or allowed by the IRS or by the courts.

#### Retirement Plan Risks

- *An investment in the Company may not qualify as an appropriate investment under all retirement plans.*

There are special considerations that apply to pension or profit sharing trusts or IRAs investing in our Class A Units. If Members are investing the assets of a pension, profit sharing, 401(k), Keogh or other qualified retirement plan or the assets of an IRA in the Company, Members could incur liability or subject the plan to taxation if:

- the investment is not consistent with fiduciary obligations under ERISA and the Internal Revenue Code.
- the investment is not made in accordance with the documents and instruments governing the plan or IRA, including the plan's investment policy.
- the investment does not satisfy the prudence and diversification requirements of Sections 40(a)(1)(B) and 404(A)(1)(C) of ERISA.
- the investment impairs the liquidity of the plan.
- the investment produces "unrelated business taxable income" for the plan or IRA.
- the Members will not be able to value the assets of the plan annually in accordance with ERISA requirements.
- the investment constitutes a prohibited transaction under Section 406 of ERISA or Section 4975 of the Internal Revenue Code.

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#### IV. USES OF OFFERING PROCEEDS AND SUMMARY OPERATING CASH PLAN

The Company's estimation of its allocation of the net Offering Proceeds of this Offering is based upon the current and projected state of its business operations, its projected plans and current economic and industry conditions, and is subject to a reapportionment of Offering Proceeds. The Company's projected Use of the Offering Proceeds from this Offering and Summary Operating Cash Plan is described in the Offering, and cash flows are based entirely on the Financial Forecast included as Exhibit D, using the assumptions set forth therein. The Company may attempt to raise additional capital if the need arises.

	Notes	Maximum Offering
Gross Offering Proceeds:	1	100.0% \$ 10,000,000
Offering Commissions & Expenses; Custodian Fee Payments	2	-8.0% (800,000)
Legal and Other Expenses	3	-1.0% (100,000)
Net Offering Proceeds to Working Capital	4	91.0% \$ 9,100,000
<hr/>		
Operating Period:		
Sources Of Cash		100.0% \$ 80,394,360
Class A Members' Capital	1	12.4% 10,000,000
Class B Members' Capital	5	1.2% 1,001,000
Loan From USA BRA - Deferred Organization Costs	6	0.3% 250,000
Not Used	7	0.0% -
Loans from USA BRA	8	0.6% 500,000
Land Parcel Purchase Contract Assignments and Sales	9	72.6% 58,391,200
Reimbursables from New Build Affiliates	10	12.8% 10,252,160
Total Sources of Cash		100.0% \$ 80,394,360
Uses Of Cash		
Organization Costs	11	-0.9% \$ (750,000)
Offering Related Costs	12	-1.3% (1,050,000)
Program Administration Costs	13	-4.5% (3,600,000)
Land Parcel Acquisition Fees and Entitlement Completion Fees	14	-4.1% (3,295,428)
Land Purchase Contracts at Face	15	-45.4% (36,494,500)
Land Parcel Entitlement Expenses	16	-12.9% (10,339,392)
Discontinued Land Parcel Entitlement Costs	17	-0.3% (240,000)
Loan Repayment - Principal and Interest	18	-1.1% (902,083)
Distributions to Class A Members	19	-26.7% (21,451,597)
Distributions to Class B Members	19	-2.8% (2,271,360)
Total Uses Of Cash		-100.0% \$ (80,394,360)

See Exhibit D - "Financial Forecast" for more detailed information.

- (1) The Class A Units are being offered on a best efforts basis up to a maximum of 10,000 Units for \$10,000,000. Eligible Persons, as defined under "Plan of Distribution", may purchase Units at a Modified Class A Unit Price equal to not less than \$920 per Class A Unit.
- (2) The Company plans to offer and sell Units through our members of management, who will not receive sales commissions or other compensation directly or indirectly related to their sales efforts. The Company may pay appropriately licensed Selling Agents a commission of up to 8% of the sales price of Units sold by them, subject to reduction as specified herein.
- (3) These amounts reflect our estimate of Offering expenses, such as filing fees, legal, accounting and financial printing fees and promotion costs, exclusive of any Selling Commissions which may be payable to Selling Agents. If the Offering expenses are greater than the amounts indicated, the amount of proceeds available for investment will decrease, and if these expenses are less, the amount available for investment will increase. However, the longer our Offering continues, the more likely it is that we will incur increased printing and legal costs, such as costs of updating disclosures in supplemental Offering materials. Any unused funds apportioned to this category will be reapportioned to reserves. Our Advisor may pay certain expenses associated with marketing the Units; we may reimburse our Advisor for such expenditures.
- (4) Working capital shall be applied to the execution of the Company's business plan.

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- (5) USA BRA has charged the Company \$750,000 for this organization period work and has agreed to contribute \$500,000 of the amount as Class B Capital and loan the balance of \$250,000 to the Company to be repaid from operating revenues. The loan will bear 10% interest. See the Financial Forecast for assumed timing of repayment. USA BRA will be credited with an additional \$500,000 to its Capital Account for foregoing the first \$500,000 in Entitlement Completion Fees due to it which allows the Company to retain that cash to accommodate any payments made to Class A Members under the Liquidity Feature. These costs are capitalized.\*<sup>1</sup>
- (6) See Note 5.
- (7) Not Used
- (8) USA BRA has agreed to loan up to \$500,000 to the Company for working capital to enable it to commence executing letters of intent and engaging in the Land Entitlement process on Land Parcels it contracts to acquire in the period preceding the receipt of initial Offering Proceeds.
- (9) This reflects the Income forecasted to be received from the New Build Affiliates as Land Parcel Purchase Contracts are assigned or as Land Parcels owned by the Company are sold to New Build Affiliates.
- (10) New Build Affiliates will reimburse the Company for specific amounts the Company spent during the Entitlement Period that otherwise would be paid out of each New Build Affiliate's construction period budgets.
- (11) See Note 5. Capitalized Organization Costs are charged off to earnings in the final period of the Forecast.
- (12) Reflects all Offering related expenses and marketing costs including costs paid directly from Offering Proceeds (\$900,000) and other costs (\$150,000) paid from operating cash flows that are specific to the marketing of the Offering.
- (13) Reflects the monthly payments paid to the Advisor for conducting the business operations of the Company under the Company's business plan. Pursuant to the Advisory Agreement, USA BRA will be entitled to a Program Management Fee of \$150,000 per month commencing in May 2014 and continuing through May 2015, and \$75,000 per month thereafter until the last Land Parcel is sold or assigned.
- (14) Reflects fees paid to the Advisor for arranging the acquisition of the Land Parcels and the assignment to the New Build Affiliates when each Land Parcel completes entitlement. The Acquisition Fee is 4% of the contract price of a Land Parcel and totals \$1,459,780, \$329,840 of which is paid from Offering Proceeds and the balance from Company earnings. The Entitlement Completion Fee is 4% of the sales price or the assignment value of each Land Parcel and totals \$1,835,648, all of which is paid from Company earnings and none from Offering Proceeds. \*<sup>1</sup>
- (15) Reflects the purchase price of the Land Parcels as stated in the Land Parcel Purchase Agreements with the land owners/sellers.
- (16) Reflects the amounts spent on entitlement of the Land Parcels during the entitlement period.
- (17) Reflects expenses incurred on Land Parcels that do not proceed past preliminary due diligence review.
- (18) Reflects repayment of principal and related interest expense on loans. (see Notes 6, 7 and 8)
- (19) Reflects all Distributions made to the Class A Members and the Class B Members.

\*<sup>1</sup> USA BRA contributed \$1,000 in initial capital to the Company. The Forecast includes Class B Member Capital of \$1,001,000 which is the result of the initial capital contribution and two non-cash events. USA BRA is granted a \$500,000 Capital Account credit in lieu of taking the cash payment due it for organization period work and early operating stage payments made by USA BRA on behalf of the Company, and an additional \$500,000 Capital Account credit in lieu of taking a cash payment due it for Entitlement Completion Fees which allows the Company to retain that cash to accommodate any payments made to Class A Members under the Liquidity Feature.

We intend to invest amounts in our working capital reserve, together with any other proceeds not invested in Land Parcels or used for other Company purposes, in temporary investments such as U.S. Government securities or similar liquid instruments.

## V. THE COMPANY

### Company Formation

The Company was formed on January 15, 2014 and has no operating history. The original Company name was USA Barcelona Land Company I, LLC. The name was changed to USA Barcelona Hotel Land Company I, LLC on February 25, 2014, to add clarity as to the nature of the Company's business.

### About the Company

The Company has been formed to acquire Land Parcels, Entitle each Land Parcel, and then sell each Entitled Land Parcel to a New Build Affiliate. We intend that the New Build Affiliate will construct, own and operate a hotel on the Entitled Land Parcel. We have already vetted seven of the proposed Land Parcels as Qualified Land Parcels, and have generally identified them below under "Business Plan". We plan to select others from among a number of prospective Land Parcels currently being considered by the Company, as well as others that we may discover as we go forward. In addition, with each owner of a Qualified Land Parcel, we have established an understanding of mutually acceptable terms and conditions of purchase of the Land Parcel. Currently we own no Land Parcels nor do we have any signed purchase agreements, options or letters of intent to acquire any of 16 Qualified Land Parcels that we include in our Financial Forecast. However, we have established what we believe are mutually acceptable terms and conditions for the purchase of seven Qualified Land parcels with their respective owners, and we expect to have signed letters of intent for each of those Qualified Land Parcels by June 1, 2014. Information on Qualified Land Parcels is contained below under "Business Plan".

The Company has identified the select service hotel sector for its investment program for several reasons that are more fully described in the "Hotel Development Business Opportunity" section of this Memorandum. We plan to Entitle Land Parcels suitable for developing hotels with franchise brands from hotel companies such as Marriott, Hilton and Hyatt. Their select service hotel brands in the Upscale and Upper Midscale chain scale are as follows:

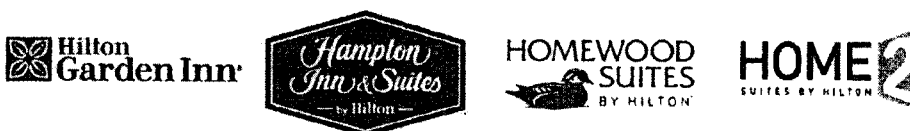
#### Marriott International, Inc.

Courtyard  
Residence Inn  
SpringHill Suites  
Fairfield Inn & Suites  
TownePlace Suites



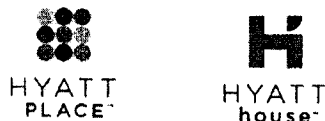
#### Hilton Hotels Corporation

Hilton Garden Inn  
Hampton Inn  
Homewood Suites  
Home 2 Suites



#### Hyatt Hotels Corporation

Hyatt Place  
Hyatt House



### Company Business Purpose

The Company has been formed to acquire Land Parcels, each of which we will seek to Entitle and sell to a New Build Affiliate that will construct, own and operate a hotel thereon. The tasks and obligations associated with the Entitlement of the Land Parcels and execution of the Company's business plan will include, but are not limited to, the following:

- Obtain contractual control of the Land Parcels to be acquired through letters of intent followed by formal Land Parcel Purchase Contracts.

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- Perform due diligence, planning, design, construction budgeting, construction financing, franchise approval, and permitting to reach "Shovel-Ready" status.
- Secure the capital required to fund the Entitlement work for each Land Parcel.
- Arrange for the sale (or Land Parcel Purchase Contract assignment) of each Land Parcel to a New Build Affiliate.

The Company's business plan calls for each Land Parcel to be sold or assigned to a New Build Affiliate following its Entitlement. The sales price of each Land Parcel shall be based on the value established by an independent MAI appraisal valuation.

Entitlement activities include performing due diligence, coordinating planning and design, arranging construction and mini-perm financing, obtaining franchise approval and achieving all necessary approvals for a New Build Affiliate to obtain a building permit to build a hotel (essentially all the requirements needed to obtain permits to construct a hotel are accomplished in the Entitlement Process). The Entitlement stage adds considerable value to the Land Parcel and the profits realized from moving the Land Parcels to the New Build Affiliates are the source of Distributions to our Members.

The Company does not intend to acquire any Land Parcels, rather, we plan to control them through the Land Parcel Purchase Contracts and upon completion of the Entitlement process, sell or assign each Land Parcel to a New Build Affiliate. Whether we "sell" a Land Parcel, or "assign" to a New Build Affiliate the related transaction between the Company and the New Build Affiliate will be based on:

- ✓ For a Land Parcel acquired by the Company during the Entitlement Period, we will "sell" the Land Parcel to a New Build Affiliate a price equal to the appraised value of the Land Parcel at the time of the sale, or
- ✓ For a Land Parcel which the Company has not yet acquired, but controls under terms of the Land Parcel Purchase Contract, and for which we complete Entitlement, the Company will "assign" the Land Parcel Purchase Contract to a New Build Affiliate for a cash price that represents the difference between the appraised value of the Land Parcel at the time of assignment, and the amount due to the seller under the Land Parcel Purchase Contract.

The Company plans to make Distributions on a quarterly basis starting in mid-2015 in accordance with the Distribution procedure outlined in Section II under "Distributions". Upon the sale of all of its Land Parcels, the Company will conclude its business operations, settle all outstanding obligations and make a final liquidating Distribution.

#### Cash Management

We intend to use Proceeds from Land Parcel sales will be used to pay Company expenses, retire Company debt (if any), establish reserves and make Distributions to Members, as follows:

- ✓ To pay expenses of the Company.
- ✓ To retire principal and interest due on outstanding Company and SLP loans (if any).
- ✓ To establish cash reserves for the Company.
- ✓ To pay the Distributions to the Members.

#### Advisor

USA Barcelona Realty Advisors, LLC, will provide all the administrative services to the Company to include, but not limited to, the following services: (i) seek to obtain, investigate, evaluate and recommend Land Parcel investment opportunities, (ii) serve as advisor and consultant in connection with all policy decisions, and, (iii) serve the Company's day-to-day operations.

#### Advisory Agreement

The Company and Advisor will enter into an Advisory Agreement and a Land Parcel Acquisition/Entitlement Completion Agreement which will define duties provided to the Company and compensation to be received by our Advisor.

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### Advisor Capital Contributions and Loans to the Company

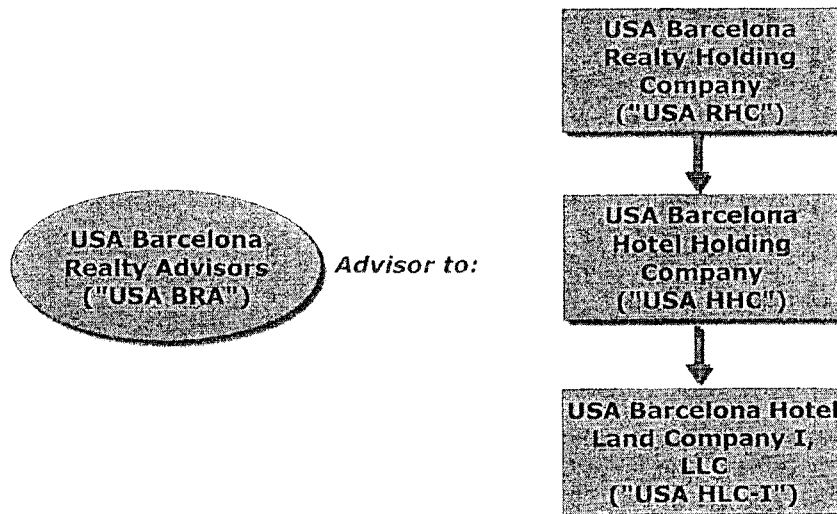
Our Advisor has agreed to contribute capital and made loans to the Company in the aggregate amount of \$1,751,000. This is comprised of \$750,000 in loans and \$1,001,000 in capital contributions. These amounts are described in the following chart.

Description of Advisor's Capital Contributions and Loans	Capital Contribution	Non-prioritized Loans
USA BRA contributed \$1,000 in initial capital to the Company.	\$1,000	-
USA BRA has charged the Company \$750,000 for this organization period work and has agreed to contribute \$500,000 of the amount as Class B Capital and loan the balance of \$250,000 to the Company to be repaid from operating revenues. The loan will bear 10% interest. See the Financial Forecast for assumed timing of repayment.	\$500,000	\$250,000
USA BRA has agreed to loan up to \$500,000 to the Company to enable it to commence executing letters of intent and engaging in the Land Entitlement process on Land Parcels it contracts to acquire in the period preceding the receipt of initial Offering Proceeds.	-	\$500,000
Our Liquidity Feature will be funded by USA BRA taking equity in the form of Class B Member Units in lieu of cash payment of the first \$500,000 of Land Parcel Entitlement Completion Fees which become due from the Company.	\$500,000	-
Totals	\$1,001,000	\$750,000

### Company Ownership and Control

The Company is owned ninety percent (90%) by its Class A Members and ten percent (10%) by its Class B Member(s). However, our Manager makes virtually all business decisions for the Company. The Class A Members voting rights are limited to (i) approving any matter that would materially alter their rights to receive Distributions, and (ii) removing the Manager. A Majority In Interest of the Class A Members must approve any action on which the Class A Members are entitled to vote.

The following chart shows the Company in the overall organization structure under our Parent Company, USA Barcelona Realty Holding Company ("USA RHC").



The pending relationship between USA RHC and Chanen Construction Company ("Chanen") is an important ingredient in the Parent Company Plan. The interplay between Chanen and the Company, during the Entitlement process of each Land Parcel is an essential factor in the smooth transition from Entitlement to construction. Chanen is a design/build company meaning they play a hands-on role in the Entitlement process so as to assure they are prepared in all respects to conduct the bidding, buying

and management of the pre-construction phase on each New Build Affiliate's construction process. Further, the involvement of Chanen in the civil engineering, structural engineering and architectural design of the hotels plays a vital role in delivering a top quality finished hotel on time, on budget, and on specification.

#### **Management of the Company**

Except for the exercise of their approval rights set forth in Article 5 of the Operating Agreement, the Class A Members may not take part in the management of the affairs of the Company, or control the Company business, and the Class A Members may, under no circumstances, sign for or bind the Company. Subject to the limitations set forth in the Operating Agreement, or by non-waivable provisions of the Act, the Manager shall have complete authority and exclusive control to conduct any business on behalf of the Company in the sole and absolute discretion of the Manager without the consent of any Class A Member.

#### **Limitation of Authority**

Our Manager makes all the decisions for the Company other than decisions that require a vote of the Class A Members. The Class A Members by majority vote have the right to approve any change in the Company that will materially diminish their pro rata economic rights. The Manager may be removed for Cause at any time upon vote of a Majority In Interest of the Class A Members.

#### **Broad Industry Relationship of Principals**

Our Parent Company has extensive long-standing relationships with hotel owners, management companies, franchisors, lenders, brokers and consulting companies. We think this broad set of relationships affords the Company high level access to numerous business opportunities.

#### **Franchise Relationships**

We intend that the New Build Affiliates will develop and own franchised hotels in the Upscale and Upper Midscale chain scale such as Courtyard by Marriott, Residence Inn and Springhill Suites by Marriott, Hilton Garden Inn and Homewood Suites by Hilton. To further diversify the Company's portfolio, the target will be upper midscale hotels with top-performing brands such as Fairfield Inn by Marriott, TownePlace Suites by Marriott, Hilton's Hampton Inn, and Hyatt's Hyatt Place and Hyatt house.

Before construction, each New Build Affiliate hotel will have a franchise license agreement between the New Build Affiliate and a franchise company providing for the payment of royalty fees and program fees to the franchisor as stipulated in the franchise agreement.

The fees and other terms of franchise agreements will be the result of commercial negotiations between otherwise unrelated parties, and we believe that such fees and terms will be appropriate for each hotel and the market in which it operates. Normally, franchise agreements may be terminated for various reasons, including failure by the lessee to operate in accordance with the standards, procedures and requirements established by the franchisor.

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## VI. BUSINESS PLAN

Through 2017, we anticipate that our Parent Company will primarily sponsor Land Parcel Entitlement and New Build Programs. Our Parent Company's rationale is based on the current and projected need for additional rooms supply in the select service sector of the hotel scale and the large value gain achieved through the creation of a hotel versus the acquisition of a Core Property hotel.

The Company's sole business focus is on executing the Hotel Land Parcel Entitlement Program. As Land Parcels are sold to the New Build Affiliates, our Advisor will act in the capacity of construction manager to oversee site development and construction of hotels by the New Build Affiliates. As hotels are constructed and begin operations, property management will be handled by strategically aligned management companies, which we refer to as SAM's. Currently, we expect that these management companies would include Pyramid Hospitality and Development Company, based in Scottsdale, Arizona and Concord Hospitality Enterprises, which is headquartered in Raleigh, North Carolina.



### Why Hotel Development vs. Acquisition of Core Property Hotels

We have created the Company and designed this Offering as a part of the Parent Company's plan to deal with three primary questions we believe investors ask themselves when considering investing: (i) do I want to be in this industry, (ii) do I want to be in this industry with this management team, and, (iii) do I want to be in this industry with this management team, at this time?

Likely, an interested investor has reached this point in the Memorandum because he answered all three "yes". But to be clear, we pose the question: why do we elect to build rather than buy existing hotels? We make this election for two primary reasons, "market cycle timing" and the ability to "create value". While there may be some remaining existing Core Property acquisition opportunities, we have concluded that the institutional investor market has moved so heavily into the hotel space (over the past two to three years) as to drive cap rates down and prices up to the point where the top branded hotels represent a "bond" quality investment with no near-term upside. This is not a "value add" scenario.

We believe that the opportunity to acquire Core Properties and execute a "value add" is gone for the duration of this business cycle. But, demand continues to increase for new hotel rooms across many of the U. S. markets. Therefore, we intend to build to create value. That is the "why" behind our current and near-term direction.

We believe there are better investment returns to be achieved through the development of new hotels rather than acquiring existing hotels. We approach the matter of New Build in two steps. First, through the Hotel Land Parcel Entitlement Program (the subject of this Offering) followed by our Parent Company's New Build Program.

### Overview of the Company's Hotel Land Parcel Entitlement Program Business Plan

- The Class A Units being offered in this Offering will be sold by members of management of our Company, registered investment advisors, broker-dealers and others ("Selling Agents") subject to applicable securities laws.
- The Hotel Land Parcel Entitlement Program involves land purchase(s) for new hotel construction, with focus on Marriott, Hilton and Hyatt brands in the select service space.

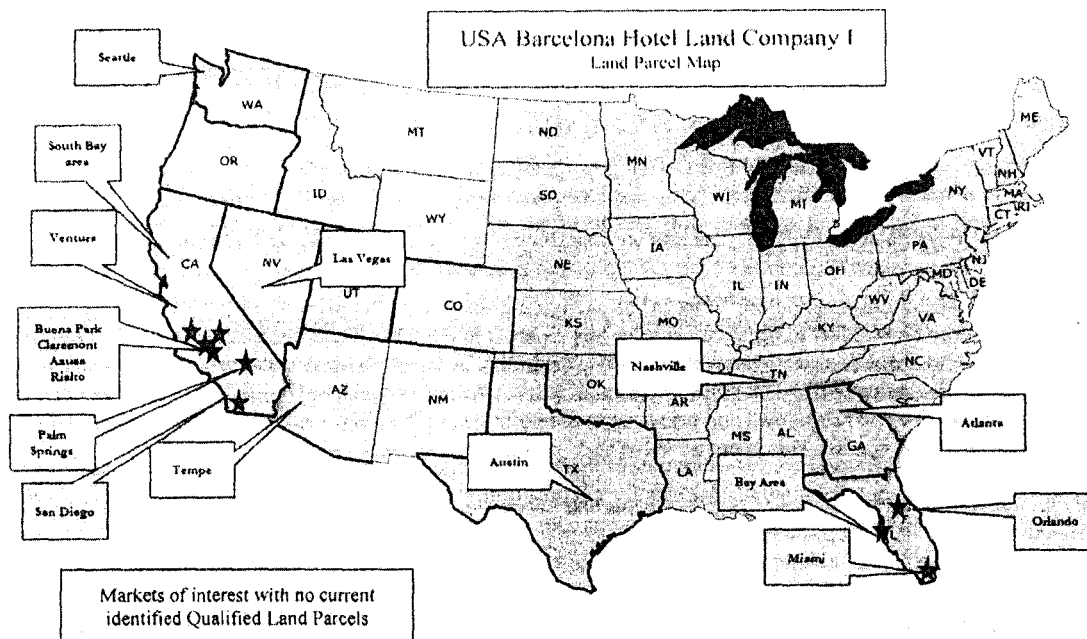
Our primary plan involves taking each Land Parcel through Entitlement, which we define as completing the following steps: due diligence, planning, design, construction budgeting, construction financing, franchise approval, and permitting - all necessary to arrive at being ready to begin construction, as we refer to as being "Shovel-Ready". At Shovel-Ready, we liquidate the Land Parcel to a New Build Affiliate that will construct, own and operate a hotel on the Land Parcel.

There are two scenarios when liquidating a Land Parcel. These are:

- (i) For Land Parcels acquired by the Company during the Entitlement Period, we will sell to a New Build Affiliate; or
- (ii) For Land Parcels that the Company have not yet acquired but continue to control under terms of the Land Parcel Purchase Contract, the Company will assign the Land Parcel Contract to a New Build Affiliate for a cash price that represents the difference between the appraised value of the Land Parcel established by an independent appraiser and the purchase price owed to the original Land Parcel owner under the Land Parcel Purchase Contract.

The New Build Affiliate to whom the Company has transferred the Land Parcel will pay additional consideration to the Company for amounts that have been paid by the Company during the Entitlement Process, wherein such costs represent costs the New Build Affiliate would otherwise pay as normal hotel construction period costs. These Refundable costs are discussed later in the Memorandum. See "Business Plan - Value Creation Resulting From The Entitlement Process".

#### Targeted "Qualified Land Parcel" Map



#### Currently Identified Qualified Land Parcels

As the map above shows, there are a number of Land Parcels, primarily in the Western United States, that have passed the Company's initial due diligence process, and are under consideration for purchase. We classify each of those Land Parcels as a "Qualified Land Parcel". Initial prospects comprised of dozens of high quality sites have been reduced to a smaller group of Qualified Land Parcels. Seven of the proposed Land Parcels that we consider Qualified Land Parcels are identified below. We do not have signed purchase agreements, options or letters of intent to acquire any Qualified Land Parcels. However, in that we wanted to coordinate the execution of purchase agreements, options or letters of intent with the Effective Date of the Offering, we have established what we believe are mutually acceptable terms and conditions for the purchase of those seven Qualified Land parcels with their respective owners, and we expect to have signed letters of intent for those Qualified Land Parcels by June 1, 2014. We intend to select others from among a number of Land Parcels currently being considered by the Company. For each Qualified Land Parcel, we have completed preliminary financial reviews and, in most cases, site visits with a representative of our selected franchisor. To date, Marriott, Hilton and Hyatt are the franchise brands, or "flags" we are considering.

**Specific Qualified Land Parcels and other Land Parcels Under Current Consideration**



**Azusa, California –**

107 room Home2 Suites by Hilton. The site is near Azusa Pacific University, and not far from The City of Hope Cancer Hospital.



**Hesperia, California –**

80 room Hampton Inn. In a rapidly growing area, on a high traffic location.



**Buena Park, California –**

128 room Hampton Inn & Suites. Centrally located in Orange County. The site is near a major theme park, Knott's Berry Farm.



**Rialto, California –**

136 room Hilton Garden Inn. The site is in a major new development that includes residential, industrial and retail projects.



**Cathedral City, California –**

101 room Hampton Inn & Suites. The property is on a major traffic artery and near a proposed new casino.

**Madera Beach, Florida –**



A "Dual Branded" hotel consisting of a 109 room Hampton Inn & Suites and an 84 room Homewood Suites by Hilton. The site is in a major tourist area on the Inter-coastal Waterway.



**Claremont, California –**

136 room Hilton Garden Inn. This site is near the Claremont College Campus, and is located within a new multi-use development.

**We are currently evaluating other potential Land Parcels in:** Tampa/ St. Petersburg/Sarasota, Florida – 2 sites; Boca Raton, Florida; Austin, Texas; Dallas–Fort Worth, Texas; Atlanta, Georgia – 2 sites; and San Diego, California – 2 sites.

To see the sequence of Land Parcels as they flow through the Forecast, see "Sixteen Land Parcels and their Entitlement Periods".

## The Entitlement Process

The Company's business plan takes each Land Parcel through a series of value enhancing steps which, in aggregate, we refer to as the Entitlement Process.

- The Entitlement Process commences following the signing of a letter of intent with the land owner for the purchase of the Land Parcel. The Entitlement Process concludes when the SLP LLC has obtained all the necessary approvals to allow the construction of a hotel, which we refer to as Shovel-Ready.
- Financing for the Entitlement Period ("Entitlement Period") is provided approximately 10% by advances from our Parent Company and the balance from Offering Proceeds.
- Each Land Parcel will have an Entitlement Period budget that incorporates the following major line items, which are associated with steps in the Entitlement Process:
  - Land Parcel Contract executed between the Company or a SLP LLC and the land owner.
  - Preliminary Due Diligence – The initial 60 days under contract will involve numerous internal and third party contractor studies and confirmations.
  - Franchise – Hotel franchise application and franchisor approval obtained.
  - Financing – Lender approval obtained for construction and mini-term financing.
  - Civil Engineering – all civil engineering work completed and submitted to appropriate municipal authorities for review and approval.
  - Structural and Design – all structural engineering and architectural work completed and submitted to appropriate municipal authorities for permit review and approval.
  - General Contractor engaged and final construction budget and construction schedule developed.
  - Planning & Zoning ("P&Z" in the chart below) approvals obtained.
- Based on successfully navigating a Land Parcel through these steps, it reaches "Shovel Ready" status.

## Executing the Hotel Land Parcel Entitlement Program

Our definition of "Fully Entitled" is to bring a Land Parcel to Shovel Ready status. Our definition of Shovel Ready is that the Land Parcel is ready to have building permits issued and is ready for construction. The Land Parcel Purchase Contract is structured to allow us to prepare a Land Parcel for our intended sale to a New Build Affiliate prior to closing on the Land Parcel purchase. The Land Parcel Entitlement Process has several steps. These steps and the associated timelines are described above and summarized in the chart below:

The Entitlement Process	Planning Months for a SLP LLC											
	1	2	3	4	5	6	7	8	9	10	11	12
Land Parcel Option Contract	■											
Preliminary Due Diligence	■	■										
Land Parcel Purchase Contract			■									
Franchise			■	■	■							
Financing				■	■	■	■					
Civil								■	■	■	■	
Structural								■	■	■	■	■
P&Z						■	■	■	■	■	■	■
Assign/Sale Land Parcel Purchase Contract												■

Each of the initial seven Qualified Land Parcels' letters of intent are being structured in a fashion so as to allow the Entitlement Process to follow a staggered start/completion sequence as demonstrated in the chart on the following page, entitled "Sixteen Land Parcels and their Entitlement Periods". It is assumed that the following seven planned Land Parcels will follow the schedule as presented in the chart.

**Sixteen Land Parcels and their Entitlement Periods (based on assumptions contained in the Financial Forecast):**

Land Parcels	2014												2015												2016												2017			
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Hesperia																																								
Azusa																																								
Buena Park																																								
SLP10																																								
Rialto																																								
Cathedral City																																								
Claremont																																								
Madera Beach (1)																																								
Madera Beach (2)																																								
SLP9																																								
SLP11																																								
SLP12																																								
SLP13																																								
SLP14																																								
SLP15																																								
SLP16																																								

■ Entitlement Period for a Land Parcel

The above schedule demonstrates the Entitlement period schedule (the red rectangles) for each of the sixteen Land Parcels included in the Company plan. This schedule is a key factor in driving the Entitlement Period costs and revenues from Land Parcel sales incorporated in the Forecast model. Following the Entitlement Period, the following 12 months incorporates the construction period and thereafter is the operating period (to the extent this shortened schedule extends that far for a particular Land Parcel). The schedule in its full coverage through sale to the USA Barcelona REIT is available on request.

**Six Steps To Entitlement**

**Step 1 -** Execute a letter of intent with the land owner. This initial agreement with the land owner allows us to accomplish two basic matters: (a) have the time to conduct our initial due diligence, and (b) prepare a Land Parcel Purchase Contract.

**Step 2 -** Initial due diligence takes approximately two months. During this period we take a potential hotel site through "USA Barcelona Entitlement Boot Camp". Most will make it through, but not all. The following work conducted by third party specialists will be accomplished during this period:

- Land Parcel Title Report
- Market Feasibility Study (PKF <sup>\*1</sup>, see below)
- Land Parcel Appraisal (HVS <sup>\*2</sup>, see below)
- Comp Set Report (STR <sup>\*3</sup>, see below)
- Environmental, Soils & Geo Tech Studies
- Franchise Exploration (not a formal application)
- Site Plan - Preliminary Design
- Traffic Study
- Utility Study

**Step 3 -** Based on the Land Parcel passing our acceptance on matters undertaken in Step 2, we proceed with the following:

- A formal application will be made with the targeted franchisor company. The approval process is normally in the 90 day range.
- Other processes are started in this 90 day period but no significant expenditures will be made until we have secured the targeted hotel franchise.
- **Note:** Significant work has been done with the desired hotel franchisor prior to going to the letter of intent stage with the land owner. This franchisor work includes a site visit with a representative of the targeted franchisor.

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**Step 4** - At such time as we are comfortable that the desired franchise agreement can be reached with the franchisor company, we will proceed with arranging financing for the construction of the hotel to be built on the Land Parcel.

- Construction / Mini Perm Financing.
- A firm commitment must be obtained before we will proceed to the expensive step of contracting for full civil engineering and hotel design.
- Our affiliate (Hotel Financial Strategies) works out front on each New Build Affiliate to arrange this financing.
- Receipt of a firm Financing Agreement triggers the 5<sup>th</sup> and 6<sup>th</sup> Step of Entitlement work.

**Step 5** - When we have reached preliminary financing agreement with a construction lender (bank), we will engage a civil engineering company to design the site improvements and an architectural firm to prepare all required working drawings for the construction of the hotel.

- The civil engineering work also triggers the beginning meetings with the Municipality's planning and zoning departments as does meetings with architects for the hotel design.
- Our in-house Entitlement professionals work with our engineers, architects and Municipality's officials to pave the way to Planning & Zoning and preliminary building plan approvals.
- As we approach the 9<sup>th</sup> to 10<sup>th</sup> month in the Entitlement Process, we will make formal application to the Planning Department and on to Municipality for final approvals.
- On a parallel path, the architects are going through building plan review with the Municipality's building department.

**Step 6** - Obtain all zoning and permitting approvals required for constructing and operating the hotel.

#### Value Creation Resulting From the Entitlement Process and Reimbursables

We believe the value created in the Entitlement of a Land Parcel falls in the range shown in the following chart (from 60% to 100%). Refundables include cash expenditures that we made to enhance the value of the Land Parcel during the Entitlement Process that typically are classified as "construction period costs". These refundable items are shown in the following chart under Land Deposits and Other Direct Costs:

Entitlement Period Activities	Low	High	Land Deposits	Other Direct Costs
Land Parcel Option Contract	0.0%	5.0%	\$ 25,000	\$ -
Preliminary Due Diligence *1	5.0%	5.0%	-	60,000
Land Parcel Purchase Contract	0.0%	5.0%	25,000	-
Franchise	10.0%	10.0%	-	82,500
Financing	10.0%	20.0%	25,000	-
Civil	10.0%	10.0%	-	68,700
Structural	10.0%	20.0%	-	275,000
P&Z	15.0%	25.0%	25,000	60,000
Entitlement Value Increase	60.0%	100.0%	\$ 100,000	\$ 546,200

\*1 (See Step 2 on preceding page)

*Note: the Financial Forecast incorporates an anticipated 60% increase in Land Parcel value resulting from the Entitlement process. We feel this is a conservative increase based on the number of the Land Parcels in the USA HLC-I Fund that are located in Florida and California. Both of these States can be more challenging than most others due to expansion and environmental issues that are unique to many areas of those States.*

#### The Company May Acquire One or More Land Parcels

The Company plans to maintain suitable cash reserves, derived from Offering Proceeds and Land Parcel sales, so as to close on a Land Parcel Purchase Contract if needed. We also intend to arrange a bank secured lending facility to be used for this purpose. This is the event that would result in the Company acquiring and owning a Land Parcel. The Company, if required, could execute other exit strategies such as a sale to a third party hotel developer.

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### Due Diligence Involves Coordination with Third Party Consultants

In the initial two months of our due diligence process on a Land Parcel, it is evaluated on several fronts, two of great importance are (i) the feasibility of a future hotel to operate at that site, and, (ii) for the "as is" value and the Entitled value of the Land Parcel. The following three companies are relied on for accurate reports on these matters of feasibility and value. Upon the signing of a letter of intent between the Company and a Land Parcel owner, a STR Comp Set report, PKF feasibility report HVS "as is" appraisal are key factors in our decision to proceed with the Land Parcel.



<sup>\*)</sup> PKF provides a number of valuable market data resources including one we make extensive use of, Hotel Horizons Market Reports. The following is a list of the markets that PKF analyzes and reports on in its Hotel Horizons Market Reports

#### Hotel Horizons® Market Reports, March to May 2014, Forecast Period 2014 ~ 2018

Albuquerque	Columbus	Kansas City	Oahu	St. Louis
Anaheim	Dallas	Long Island	Oakland	Salt Lake City
Atlanta	Denver	Los Angeles	Orlando	San Antonio
Austin	Detroit	Memphis	Philadelphia	San Diego
Baltimore	Ft. Lauderdale	Miami	Phoenix	San Francisco
Boston	Ft. Worth	Minneapolis	Pittsburgh	Seattle
Charlotte	Hartford	Nashville	Portland	Tampa
Chicago	Houston	New Orleans	Raleigh-Durham	Tucson
Cincinnati	Indianapolis	New York	Richmond	Washington, DC
Cleveland	Jacksonville	Newark	Sacramento	West Palm Beach

Refer to our map entitled "Targeted Land Parcel Locations For The USA HLC-I Program" presented earlier herein. A strong correlation exists between where our Advisor has been conducting site selections for our consideration over the past two years and the markets contained in the PKF library of Hotel Horizon reports. Their research is a valuable resource for our Advisor and our Parent Company in reviewing Land Parcel acquisition proposals brought forward by our Advisor.



<sup>\*)</sup> The Company intends to employ HVS for its Land Parcel appraisal work. The HVS database of hotel information – the largest in the world – combined with its broad insight and extensive experience, enables HVS Consulting & Valuation Services to produce well-documented appraisal reports with fully supported value conclusions to hold up under intense scrutiny and achieve their intended results. HVS states that they have access to thousands of management agreements, franchise contracts, leases, mortgages and other related financial documents, allowing its team to provide thorough documentation for its conclusions.



<sup>\*)</sup> We keep track of the national lodging picture through STR's weekly market reports and long term forecasts. We feel that STR is the best resource in the hotel industry for accurate look-backs and forecasting. Each Land Parcel put under contract has STR reports in its due diligence check list. Prospective subscribers are encouraged to do some basic research on STR and include its "Comp Set" reports. STR has many standard reports available for subscribers and non-subscribers of their service, including the following:

**STAR Program**, the benchmark suite which is used by the majority of hotel chains as well as many independently operated hotels. It enables a user to track a property's occupancy, ADR and RevPAR performance against their selected competitors. STAR reports are the monthly report card of how hotels are doing against their competitive set. We anticipate that these will be the most frequently used reports in evaluating how our hotel Properties are performing;

**Trend Reports** assist in researching a hotel development project or in buying and repositioning a property. Run on a one time basis, Trend Reports display up to six years of monthly performance data including occupancy, ADR, RevPAR, supply, demand and revenue;

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**Hotel Market Forecasts** are an excellent resource for anticipating the future performance of a market's key metrics-occupancy, ADR, and RevPAR. The following two examples of reports are among those we pay ongoing close attention.

Weekly Report from STR Report (for the period February 25, 2014 - March 1, 2014).

*The U.S. hotel industry posted positive results in the three key performance measurements during the week 23 February through 1 March 2014, according to data from STR.*

*In year-over-year measurements, the industry's occupancy increased 3.6 percent to 63.1 percent. Average daily rate rose 4.8 percent to finish the week at US\$112.25. Revenue per available room for the week was up 8.5 percent to finish at US\$70.88.*

*Among the Top 25 Markets, Orlando, Florida, reported the largest occupancy increase, rising 18.3 percent to 86.9 percent. Anaheim/Santa Ana, California, followed with a 14.4-percent increase in occupancy to 76.9 percent. Chicago, Illinois, fell 6.2 percent in occupancy to 54.7 percent, posting the largest decrease in that metric.*

*Two markets experienced ADR increases of more than 15 percent: New Orleans, Louisiana (+27.6 percent to US\$177.50), and Orlando (+15.3 percent to US\$125.96). Chicago fell 2.6 percent in ADR to US\$104.70, ending the week with the largest decrease in that metric.*

*Five markets achieved RevPAR increases of more than 20 percent: New Orleans (+37.2 percent to US\$128.48); Orlando (36.4 percent to US\$109.42); San Diego, California (+27.8 percent to US\$102.01); Anaheim/Santa Ana (+27.4 percent to US\$101.48); and Nashville, Tennessee (+20.9 percent to US\$81.60). Chicago (-8.6 percent to US\$57.30) and Denver, Colorado (-6.1 percent to US\$67.88) reported the largest RevPAR decreases for the week.*

Two Year Outlook (published March, 4 2014, Smith Travel Research)

*The STR/Tourism Economics forecast model indicates that RevPAR growth will slow to 5.3 percent in 2014 and 4.7 percent in 2015. This outlook is an extension of the predictions made by the companies last year.*

*STR and Tourism Economics predict revenue-per-available-room growth will continue to slow during the next two years, according to a new analysis of long-run lodging trends in relationship to the state of the economic cycle.*

*"Our forecasts for 2013 were more conservative than many analysts expected," said Jan Freitag, senior VP of strategic development at STR. "But we remained convinced that a shift to more moderate, post-recovery performance was under way."*

*STR/Tourism Economics forecasted RevPAR growth of 5.8 percent for 2013 compared to actual growth of 5.5 percent based on updated year-end figures released by STR this month. Demand expectations of 2.1 percent growth for the year compared favorably with an actual gain of 2.3 percent. Both indicators reflect a step down in the pace of increases from each of the previous two years.*

*Moving forward, the forecasting partnership expects further slowing as both demand and average daily rate converge with non-recessionary period growth averages.*

*"While the U.S. economy is gathering force, the lodging sector is on the back end of its recovery cycle," said Adam Sacks, president of Tourism Economics. "We expect RevPAR to continue to grow but not at the rates seen over the past four years."*

*While Oxford Economics, the parent company of Tourism Economics, expects U.S. gross domestic product to accelerate to 3.0 percent this year, the demand for lodging is forecast to grow 2.2 percent. STR/Tourism Economics expects this in the context of long-run relationships.*

*"Over the long term, lodging demand tends to expand more slowly than GDP. Since 1987, U.S. GDP growth has averaged 2.6 percent a year compared with lodging demand growth of 1.9 percent," said Aran Ryan, director of lodging analytics at Tourism Economics.*

*The forecasters also note that room nights per capita (based on working age population) and per employee reached historic highs in 2013, indicating that the surge in demand associated with the recovery has peaked and a more tempered expansion lies ahead.*

## VII. HOTEL DEVELOPMENT BUSINESS OPPORTUNITY

### The Business Cycle Offers Opportunity

Since the decline of the national economy commenced in mid-2007, the real estate industry across most markets and product types suffered a 10% to more than 40% decline in values. This decline, together with severely restricted capital markets during the same period, depressed property values to pre-2007 levels. Annual construction starts for the lodging industry have nearly doubled since 2010 but are still 50% less than the 2007 peak. Consequently, our Parent Company sees an unprecedented opportunity to execute our New Build Program.

Another reason this business cycle presents opportunity is that selling prices for Core Properties are now higher than constructing a new select service hotel. Selling prices for the first half of 2013 soared to over \$130,000 per room, up 15% over year-end 2012. That's the highest average selling price per room ever recorded by Lodging Econometrics, exceeding the previous record of \$119,000 set in 2007. These prices reflect near record-low interest rates, which always maximized prices and the fact that industry performance has nearly recovered to pre-recessionary peaks. The sellers today are reaping the benefits of a steadily improving hotel market during the first half of the recovery cycle and our Company will likewise benefit from constructing, rather than acquiring, select service hotels during the second half of the cycle.

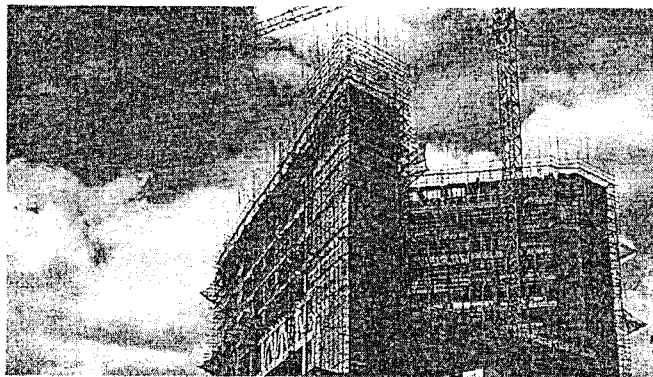
### From the Entitlement Stage to New Build

Upon receipt of governmental approval of the Land Parcel, and the building department's approval of our building plans, the stage is set to build a hotel. However, the Company will not take that step. We intend to sell or assign the Land Parcel Purchase Contract to a New Build Affiliate. At this point we would receive payment for the land and reimbursement for specified costs that we have expended for matters that traditionally fall into the construction budget for a hotel. We refer to these cost recoveries as refundables ("Refundables").

The Entitlement Process is followed by hotel construction, which we refer to as the New Build Program. New Build Affiliates would acquire our fully entitled Land Parcels for prices based on independent appraisals, and we achieve final Liquidation upon the sale of our last Land Parcel. Our plan is that simple.

### The New Build Program Business Plan and Chanen Constuction Company

The Company's business plan mandates that following its Entitlement each Land Parcel is to be sold or assigned to a New Build Affiliate. Entitlement includes (i) obtaining a franchise approval from Marriott, Hilton or Hyatt, (ii) completing site and building designs through working drawings, and (iii) obtaining all zoning approvals and required development and building permit approvals. In addition, the Company will (i) obtain a bank construction and mini-perm commitment, and (ii) in concert with our strategically aligned general contractor, Chanen Construction Company ("Chanen"), develop a development and construction budget and associated maximum cost contract.



We refer to an Entitled Land Parcel as being "Shovel-Ready", a term meaning ready for site development and hotel construction by a New Build Affiliate. The appraised value of the Entitled Land Parcel established by an independent appraiser will be used to set the selling price between the Company and a New Build Affiliate.

The Company would be paid for the Entitled Land Parcel by the New Build Affiliate based on the current value of the land as determined by an MIA appraisal, less amounts owed the seller on the Land Parcel Purchase Contract, which will be paid when the New Build Affiliate closes on the land. An additional payment is made to the Company by each New Build Affiliate for the Refundables and Entitlement Period costs incurred that relate to those items contained in the construction budget.

The Company intends to have a capital reserve that it could use if the Company needs to close on a Land Parcel Purchase Contract before we are ready to assign it to a New Build Affiliate.

- If at any of the feasibility steps, a Land Parcel fails to meet our requirements, we intend to terminate our acquisition of that Land Parcel. Otherwise, each Land Parcel would travel through the feasibility process to the point where all of our requirements are satisfied and all necessary contracts and permits are ready to be finalized. We refer to this step in the process as "Shovel-Ready".
- The anticipated maximum period for the Company's operations is 36 months.

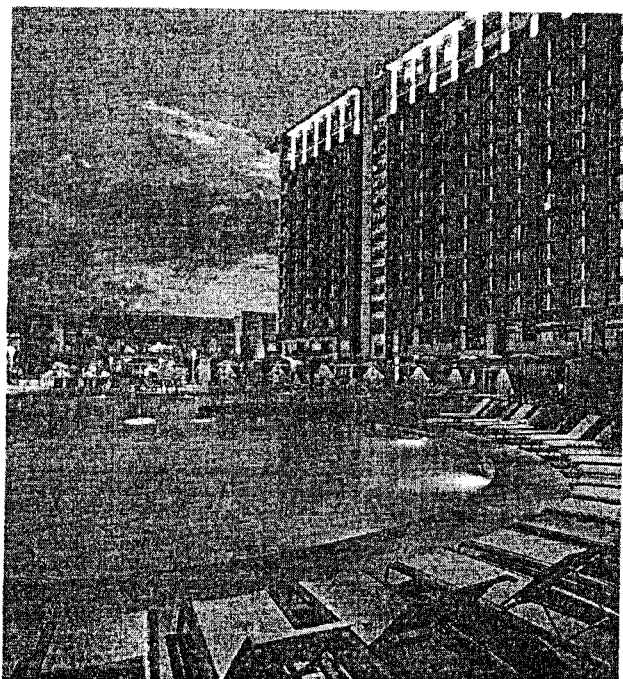
#### Selection of our General Contractor - Chanen Construction Company

Our Parent Company has reached agreement with Chanen Construction Company to coordinate with us in the Entitlement work and handle all site development and construction requirements of the New Build Affiliates. We feel this strategic alliance adds a great deal of quality to both the Company's investment Offering and the future offerings of the New Build Affiliates. Chanen's over 50 years of experience across a broad spectrum of major construction projects and specifically numerous major hotels and resorts undertakings for both their own account and as agents for others is a major benefit to our investors and our Company.



Construction will be performed by Chanen Construction Company, Inc., an Arizona corporation, pursuant to a construction contract on the basis of cost of the work, plus a fee, with a guaranteed maximum price. A separate construction contract will be entered into for each project that goes from entitlement to construction.

Chanen Construction Company, Inc. was founded in 1955 and is a leader in the U.S. in the construction industry. The company has substantial experience in the construction of hotels as shown below. Chanen started building hotels in the late 1950's building the first locations for Ramada Hotels. Chanen has delivered projects as general contractor, construction manager, or design builder in the USA with a concentration in the Southwest including Arizona, California, Nevada, Florida, Illinois, Alaska, and North Carolina.

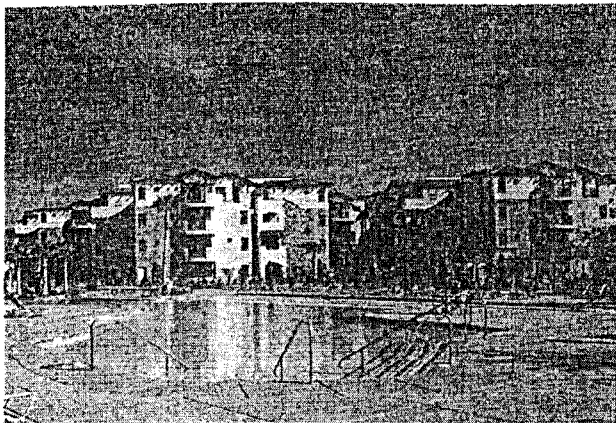


Chanen will comply with the construction licensing requirements in each state in which a hotel will be built and will subcontract for all the work. A separate guaranteed maximum price will be issued for each hotel project.

#### TALKING STICK RESORT SCOTTSDALE, AZ

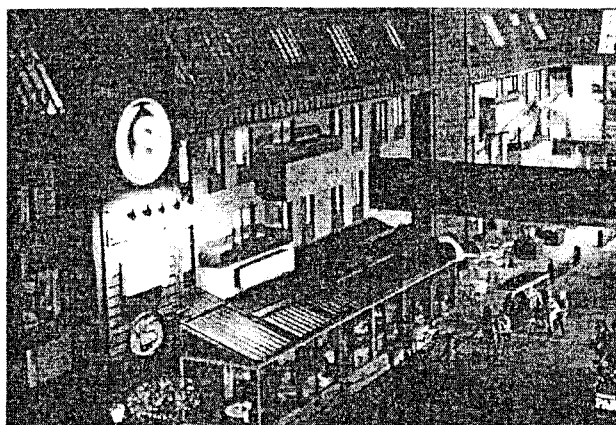
Chanen built the \$450M, 497-key, 15-story Talking Stick Resort hotel, conference center, and spa that is part of a casino. The project includes a 240,000 sq. ft. gaming floor, a 750-seat showroom, a 13,000 sq. ft. spa and a 100,000 sq. ft. conference center. Additional amenities include 8-restaurants, 10-lounges, two multi-level parking garages, retail shops and many pools and water features.

The building is steel frame with an exterior palette of aluminum composite panels, glass, stone and exterior insulated finish system. The two parking structures are precast concrete. The project was built for the Salt River Pima-Maricopa Indian Community.



#### **CIBOLA VISTA RESORT PEORIA, AZ**

The resort consists of separate small "cities" each of which have a courtyard that include spas, fountains, artwork, outdoor fire pits, sanctuaries, reflecting pools, and desert botanical gardens. Chanen Construction Company, Inc. built phase II of the project which consisted of 4-story hotel buildings with interconnected walkways and 128 hotel rooms.

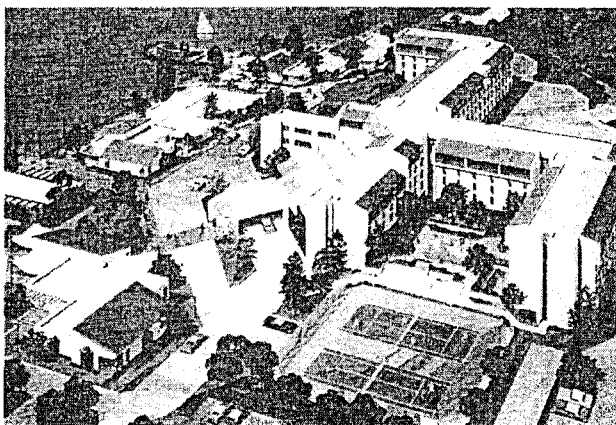


#### **SHERATON AT FISHERMAN'S WHARF SAN FRANCISCO, CA**

The hotel, located near several San Francisco, California, landmarks, consists of 525 rooms, seven suites and 10,000 sq. ft. of meeting rooms including a 4,813 sq. ft. ballroom.

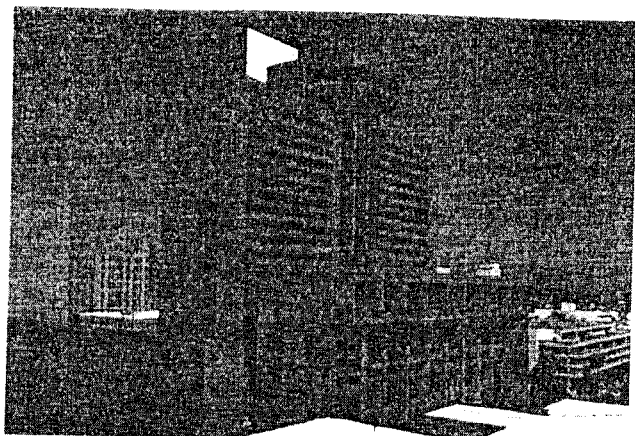
There are four separate buildings that are connected by pedestrian bridges at each level. This hotel frequently was recognized by Sheraton for its high average annual occupancy.

This project was developed, design-built and managed by Chanen. The \$84 million hotel (at time of sale) was constructed using innovative structural engineering concepts, which were tested during the tragic 1989 earthquake, which it escaped unscathed.



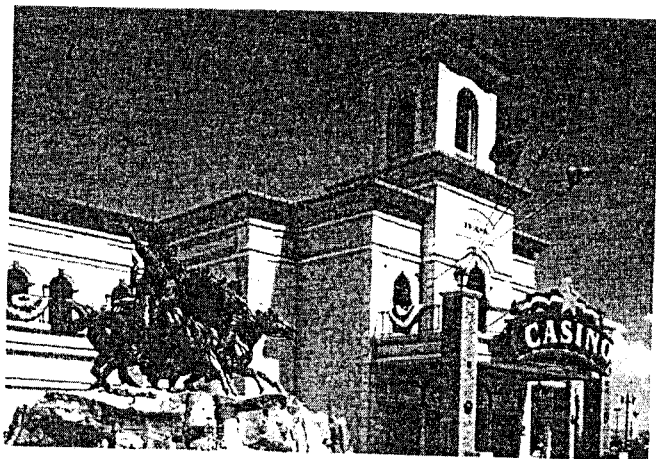
#### **SHERATON AT ST. JOHN'S PLACE JACKSONVILLE, FL**

Chanen developed, built and owned this five-story, 350-room convention resort hotel. This hotel mirrored the wharf theme of Chanen's Sheraton at Fisherman's Wharf in San Francisco. The facility includes 17,139 sq. ft. of meeting rooms, a 10,180 sq. ft. ballroom, four restaurants and 20,000 sq. ft. of retail space. Located within the St Johns Place wharfside resort area, the hotel features modular meeting rooms which can form 13 different configurations ranging from 10,180 sq. ft. down to 393 sq. ft.. The elegant ballroom with its optional exterior entrance was designed to accommodate large social affairs and business conferences.



### **HYATT REGENCY PHOENIX PHOENIX, AZ**

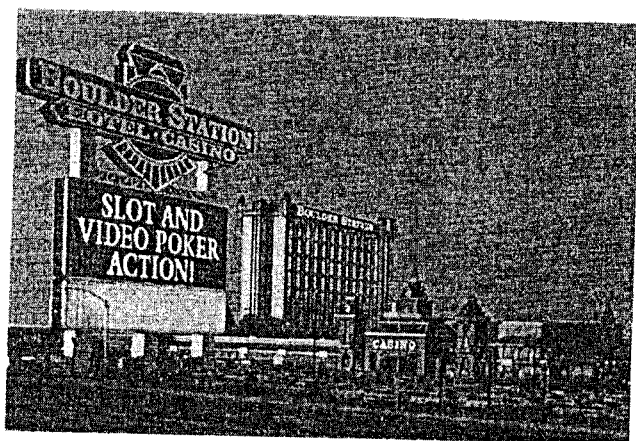
This luxurious 26-story hotel in the heart of the Phoenix cultural center is a well-known icon of the city's downtown skyline. Chanen served as general contractor on this \$27 million (at time of construction) landmark project that defines the downtown Phoenix skyline. The facility includes 27,000 sq. ft. of meeting rooms, including a 10,168 sq. ft. ballroom, a nine-story section containing an eight-story atrium, a four-story section including pool and garden and a 21-story tower with a revolving restaurant on the top floor. The revolving Compass Restaurant at the top of the hotel is a 25-year Phoenix favorite.



### **TEXAS STATION GAMBLING HALL & CASINO LAS VEGAS, NV**

Chanen was the construction manager of this \$96 million (at time of construction), hotel and casino complex in North Las Vegas, Nevada, working with Manuel Corrao as design-builder.

This facility includes a six-story, 200-room hotel and approximately 140,000 sq. ft. of public and support areas. Built on a 50-acre site, the project features a Texas theme with 1,500 slot machines, 30 table games, keno lounge, race and sports book area, poker lounge, six restaurants, a 12-screen movie theater, a food court, travel agency and arcade. This fast-track project was designed and constructed in 14 months.



### **BOULDER STATION LAS VEGAS, NV**

Chanen provided construction management for the \$25 million (at time of construction), 58,435-sq.-ft. renovation of the Boulder Station Hotel and Casino.

Station Casinos is considered the "inventor" of the "locals" hotel-casino. With more than 10 locations, Stations dominates Nevada locals. The project included an 11-plex movie theater, a five-level, 1,865-space parking garage and 28,000 sq. ft. of casino space. Additional work consisted of an upgrade of the west entry casino, realignment of the ring road, widening of the northeast roadway, construction of a theater drop-off area, a covered walkway from the parking garage to the casino, sidewalks and landscaping.

**PROJECTS OVERVIEW** -- The depth of the experience at Chanen Construction Company is matched by the breadth of their work. Since 1955, they have built a vast variety of projects to serve industries as diverse as aviation and health care, education and gaming. With every project, their goal is to build structures that exceed the expectations of their clients and create lasting landmarks, from the ground up to the skyline above.

## VIII. INVESTING IN THE LODGING INDUSTRY

According to *Lodging Econometrics*, 2013 concluded the first leg of the new lodging real estate cycle. The period was characterized by near record low interest rates, a growing confidence in future operation trends, and the prospect for improved earnings. It was an opportune time for investors to sell and take profits on their stabilized assets acquired late last decade during the recessionary lows. Now that we are beyond the recovery phase, we perceive a greater opportunity ahead in the second leg of the lodging cycle, which should cause transaction activity to accelerate over the next few years. Since the new construction pipeline will not produce new supply additions of significance until later in the decade, we believe that it is an ideal time for attractive returns and capital appreciation for our New Build Program.

### Why We Feel Hotels Are Sound Investments

- Hotels operate in a favorable, transparent, and market-driven regulatory and taxation environment.
- Hotels can generally adjust their rates on a daily basis, giving them the greatest flexibility to react to demand and changing market conditions.
- Hotels in the Marriott, Hilton and Hyatt brands enjoy industry branding. Such branding requires owners to constantly upgrade and periodically renovate the hotel to franchise standards to retain the franchise flag. This "franchise" control leads to a strong level of familiarity and consistency for hotel customers as to their lodging experience. While our focus will be on Marriott, Hilton and Hyatt brands, we have no limitation as to the brand of franchise or license with which the Fund's hotels will be associated.

Our Parent Company Plan calls for developing hotels that incorporate brands in the following chain scale segments:

- Upscale - Courtyard by Marriott, Residence Inn by Marriott, Springhill Suites by Marriott, Hilton Garden Inn, Homewood Suites by Hilton and Hyatt Place and Hyatt House by Hilton.
- Upper Midscale (this segment is without food & beverage outlets) - Fairfield Inn by Marriott, TownePlace Suites by Marriott, Hampton Inn, Hampton Inn & Suites and Home2 Suites by Hilton.
- Upper Upscale Hotels - There are no current plans to develop hotels that fit in this category.

### Key Factors Behind Our Development of Select Service Hotels

- **Demand** - The recent global recession initiated many important changes for consumers, businesses and investors in every industry. The hospitality industry is no exception, with one of its most obvious and heavily reported trends being the widespread preference of business and leisure travelers for select service hotel accommodations. The highly regarded year-end 2013 Global Hospitality Insights (Top Thoughts for 2014) published by Ernst and Young, highlights "The rise of select service.....As the global economy and tourism recovery gains momentum, many travelers continue to show a recession-era preference for select-service hotels that offer a compelling value proposition by providing many full-service amenities at a lower price point. The convenience of select-service also fits the on-the-go lifestyle of today's business traveler and the fast-growing millennial population."
- **Travelers Accepting Amenities** - Select-service hotels are comparable to limited-service properties, but also offer a scaled down mix of amenities traditionally associated with full-service hotels, such as meeting space and casual dining. Because of the increasing acceptance and use by the traveling public, it is no surprise that investors and developers are favoring the select-service product as well, particularly due to the lower up-front capital requirements and the increased operating margins, helped by the efficiencies afforded through limited food and beverage operations and the absence of concierge and other services typical in this segment."
- **Favorable Development Cycle** - Development of select-service hotels is faster than full-service hotels, allowing the investor and developer to react more quickly to changing hotel market conditions, entering the market with new product on a quicker schedule. Sites are more easily identified because of size and location, obtaining entitlements is faster than full-service hotels, and the short construction cycle of 12 months allows a hotel to be operational in a shorter period of time to meet today's market demand.

## The Hotel Industry Today

Steady Improvement in 2014 - The U. S. hotel business is expected to post another solid year of recovery and growth just as it has in the previous two years. A top hotel industry firm, Smith Travel Research (STR), projects for 2014 that revenue per available room ("RevPAR") will grow an average of 6% and average daily rate ("ADR") will increase approximately 4.6%. As the economy improves, those projections are expected to continue to increase for the next few years. Occupancy is on the rise also with averages across all hotel chain scales to be in the 65-70% range, and above 70% in the select service sector where we will concentrate.

New Construction - According to Lodging Econometrics, at the end of July, 2013, more than 75,000 hotel rooms were under construction in the U. S., an increase of 23 percent from the previous year. However, projects underway represent only 1.5 percent of supply, lower than the long term average of closer to 2 percent. Annual hotel construction starts in 2013 have nearly doubled since the 2010 bottom, but are still 50% below the peak in 2007. Based on these figures, supply is lagging behind demand which bodes well for our Hotel Land Parcel Entitlement Program.

In 2014, according to STR, the upscale and upper-midscale segments combined represent 80% of the hotels forecasted to be built in the U. S., while Lodging Econometrics estimates that select service pipeline to be closer to 90% of new hotels entering the market. Both market segments are included in our Parent Company Plan for New Build Affiliates with Marriott, Hilton and Hyatt flags. (See "Our Targeted Hotel Preferences" for review of Up-Scale and Upper-Midscale branding).

Increasing Values - Lodging Econometrics reported that hotel sale transactions recorded their highest ever selling price per room in the first half of 2013. Those prices reflect the near record-low interest rates which we believe always maximizes prices and supports the fact that industry performance has nearly recovered to pre-recessionary peaks. Hotels appraised at time of sale by Global Hospitality Services (HVS) shows capitalization rates holding steady in the select service segment at 7.4% giving further evidence that the development of hotels in this segment is a sound business strategy.

## Hotels as an Investment Platform

Our Parent Company believes that developing, and in select cases acquiring hotels, offers attractive growth and high total return opportunity. The success of our Parent Company with the hotel asset class will depend upon its ability to make prudent decisions regarding (i) selection of markets, (ii) site selections, (iii) brands, (iv) contractors, (v) management companies, and (vi) market cycle timing. Those decisions will be guided by the expertise of our Advisor and the oversight of our Parent Company's independent board members.

- **Our Parent Company has chosen to concentrate on Marriott, Hilton and Hyatt brands in the select service arena and with limited to no food and beverage**

By narrowing our model to select service hotels with limited to no food and beverage our Parent Company also determined the costs of operations were reduced due to less labor required to operate these facilities. Less labor meant less Advisor staff overhead to "asset manage" and less demands on our management companies to operate. We believe that less food and beverage translates to more consistent returns. We also concluded that those select service hotels that were branded with the top flags generally experienced less volatility in down markets than hotels with lesser flags or no flags. Our research indicated that the excess demand that these brands enjoyed in the up-cycle that was pushed into the competition due to lack of availability came back to their brand of choice during those periods of less overall market demand.

- **Hotel Brands** - In evaluating the scale of properties that would represent our best investment opportunity, our Parent Company also validated that brand selection is equally important. We determined that selecting top brand hotels is critical in mitigating the impact of a down economy as well as for taking full advantage of an up economy. We also know that travelers tend to be more inclined to select certain well-known brands due to their frequent guest programs and consistency of product and service levels. Business and leisure travelers often cross over from one brand to another but generally stay in similar brands. For example, if their preferred Marriott is not convenient (location) or available (capacity), a Marriott oriented traveler will often cross over and stay at a similar Hilton or Starwood or Hyatt product.

Our Parent Company, through its New Build Affiliates, plans to develop, own and operate franchised hotels in the upscale chains that provide select service offering (minimal meeting space and food and beverage offerings), such as Courtyard by Marriott, Residence Inn by Marriott, Hilton Garden Inn, Homewood Suites, and Hyatt Place.

To further diversify its property Portfolio, our Parent Company intends to target hotels with top-performing brands such as Fairfield Inn by Marriott, SpringHill Suites by Marriott, TownePlace Suites by Marriott, Hampton Inn, and possibly, several key performing upper upscale hotels, such as full service Marriott and Hilton hotels.

- **Marriott, Hilton and Hyatt** - We further concluded that certain scale Marriott, Hilton and Hyatt (select service with limited or no food and beverage outlets) met our conservative approach to hotel investing as they each have established critical brand mass and deep market penetration. Hilton offers Hampton Inns, Hilton Garden Inn, Home2 and Homewood Suites. Marriott offers Courtyard by Marriott, Residence Inns, Fairfield Inns, SpringHill Suites and TownePlace Suites. Hyatt offers Hyatt Place and Hyatt house. All of these flags fit well within our "sweet spot" assuming their financial performance and due diligence meets our requirements. All offer strong frequent guest programs, strong "800 number", Global Distribution and internet brand contributions, and all are leaders in their respective brand segments. If our Parent Company elects to include any full service upper upscale hotels, our Parent Company would favor these three brands.

Each of these brands brings superior occupancy and average daily rates ("ADR") opportunities and subsequent upside revenue per available room ("RevPAR") potential as market and economic conditions improve. Each has solid employee training and recognition programs and are viewed as good places to thus offering solid employee recruiting potential. Each of these select service hotels has a low full time employee ratio to available rooms which is important to maintaining consistent profit levels. They are also recognized for their superior service consistency. Each of these brands offers purchasing of supply discount opportunities that save owners money compared to prices available to non-branded hotels. The Hilton, Marriott and Hyatt brands are well recognized for their promotional programs in advertising and public relations which help reduce marketing costs to owners while keeping these brands as top of mind awareness for business and leisure customers.

#### Franchise Fee Analysis

- **Marriott** - Marriott franchise fees are generally 5.5% for royalty fees and 2.5% marketing fees for a total of 8.0% of gross room sales. If our Parent Company acquires a sufficient number of Marriott branded Properties, our Parent Company should be able to negotiate the royalty fee down to 5.0%. There are additional fees for Marriott Rewards at 1.9% of gross room sales on eligible stays. Reservation fees begin at 0.4% of gross room sales plus \$3.15 per reservation made through the Marriott central reservation system. There are numerous other minor fees, many of which are optional, for training, sales support, revenue management, group leads and co-op advertising. While their fee structure is more expensive than most flags, Marriott consistently delivers superior results.
- **Hilton** - Hilton franchise fees are generally comprised of a 4.0% royalty fee for Homewood Suites and 5.0% royalty fee for Hilton Garden Inns and Hampton Inns, based on gross room revenue. Marketing/program fees are 4.0% for Homewood Suites and Hampton Inns and 4.3% for Hilton Garden Inns. Program fees include all brand marketing, all reservation and distribution fees (except travel agent commissions), and a standard configuration of computer hardware which includes the property management system and all support as well as a refresh of all hardware every 36 months. There are additional fees for HHonors frequent guest stays amounting to 3.6% of eligible room revenue. There are numerous other minor fees, many of which are optional, for training, sales support, revenue management, group leads and co-op advertising. Hilton delivers a strong brand contribution which also makes them a preferred brand for our business plan.
- **Hyatt** - Hyatt franchise fees are generally 5.0% of gross room revenue for royalty fee and 3.5% of gross room revenue for marketing fee. If our Parent Company acquires a sufficient number of Hyatt branded Properties, our Parent Company should be able to negotiate the total fees to a lower percentage of room revenue. The Hyatt Place and Hyatt house scale are increasingly strong players in their markets.

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## Hotel Property Sector Overview

The Company is focused on the select service sector, which consists of hotels that can be built with less capital and operated with fewer employees than those in the full service categories. Select service hotels historically produce less volatile results than full service hotels due to the lower fixed costs, but also lack the ability to generate higher revenue in busy periods due to their lack of banquet, meeting, and exhibit space.

Properties in this sector have a more modest return than full service hotel properties, but they also suffer less in downturns due to the lean nature of the operation. In short, these hotels are more likely able to meet the returns necessary to meet our investor obligations during the down portion of a business cycle.

## Hotel Service Level Selection Overview

- **Luxury and Resort** - We researched the various hotel market segments/service levels to determine the best development opportunities at this point in the cycle. We quickly eliminated luxury and resort properties due to their intense capital needs and volatility associated with economic ups and downs. Both were more subject to the cyclical extremes of economic highs and lows. This segment has a high cost per room to enter the market, and as such our Parent Company did not deem them a good investment opportunity for the Company.
- **Full Service** - We then looked at full service hotels. While they were generally less volatile than luxury or resort properties, in the rapid decline of the previous cycle they suffered significant declines in valuation similar to resorts and luxury hotels. We do not totally rule out upscale full service hotels once market conditions are more stabilized. There could be a select situation where an upscale full service hotel fits into the Parent Company's near-term plans.
- **Select Service** - We then analyzed select service hotels with and without food and beverage outlets. Our analysis determined that this was the "sweet spot" in the investment opportunity model for a variety of reasons. First, the cost to invest in these hotels was more reasonable on a cost per room and per property basis. Second, the select service properties performed better than full service hotels in a down economy. This overall financial performance consistency fits the prime investment objectives of the last stage of the Parent Company's plan for a REIT.
- **Budget** - We also looked at budget hotel properties. While they posed some attraction due to their lower capital construction costs, the budget sector also has a narrower appeal to the overall hotel owner market which our Parent Company felt posed a downside risk (limited market) at liquidation.

## Our Targeted Hotel Preferences

- Within the Upscale Hotels - Courtyard by Marriott, Residence Inn by Marriott, Springhill Suites by Marriott, Hilton Garden Inn, Homewood Suites by Hilton and Hyatt Place and Hyatt House by Hilton.
- Within the Upper Midscale Hotels (this segment is without food & beverage outlets) - Fairfield Inn by Marriott, TownePlace Suites by Marriott, Hampton Inn, Hampton Inn & Suites and Home2 Suites by Hilton.
- Upper Upscale Hotels - We have no current plans to develop hotels that fit in this category.

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## IX. ABOUT OUR ADVISOR – USA BARCELONA REALTY ADVISORS, LLC

### The Experience of our Advisor's Management Team and its outside Advisors

USA Barcelona Realty Advisors, LLC ("USA BRA") will act as Advisor to the Company. Its management team has a combined experience which we believe to be significant and uniquely qualified to meet our business objectives. The Advisor has senior management experience in top tier public accounting firms, Fortune 100 corporations, investment banking organizations, public and private REITs, plus extensive experience in commercial real estate finance, development and acquisition in addition to property level and portfolio asset management.

The following Executive and Advisor chart shows the depth and breadth of the experience of the management team of USA BRA, and their advisors, which we feel qualifies them to properly manage the business plan laid out for the Company.

Executive/Advisor	Commercial Real Estate	Property Development and Ownership	Various Property and Asset Portfolio Management	Capital Formation and Financial Management	Hotel Property and Asset Portfolio Management
<b>Executives</b>					
Richard C. Harkins	42	21	9	36	13
George T. Simmons	23	16	18	9	-
Bruce Orr	24	22	11	8	17
Robert Kerrigan	17	10	-	17	-
Jeffrey S. Teets	25	20	20	18	11
Rodney Eaves	25	25	20	5	0
Patrick McDonough	27	20	20	20	-
<b>Advisors</b>					
Anthony Manos	20	15	15	6	13
Dawn Berry	23	9	10	-	10
Steven Gold	44	-	-	44	-
Total Yrs Of Experience	270	158	123	163	64

Having created and molded their team together over the past 24 months, we believe that the Advisor has the added advantage of selecting people who:

- helped create and are committed to our business strategies and goals,
- bring management skills from a variety of large organizations,
- are entrepreneurs, exhibiting the energy and drive necessary to start and sustain a new company,
- fit a culture suited for "team players"; and,
- desire to help build and collectively benefit from a successful enterprise.

### USA BRA Organization

The Company will enter into an Advisory Agreement with USA BRA, which will, among other things,

- Seek to obtain, investigate, evaluate and recommend Land Parcel investment opportunities for the Company.
- Serve as Land Parcel investment advisor and consultant in connection with investment policy decisions made by management of the Company.
- Subject to the direction of management, supervise the Company's day-to-day operations.

USA BRA intends to be staffed at all times sufficient to fully serve the Company. USA BRA intends to obtain, "key-man" life insurance on the life of certain officers. USA BRA currently has four Executive Members, six outside advisors, three department managers and staff. The Advisor intends to expand staffing as required in order to service the Company and other Affiliates. USA BRA may make arrangements with third parties to provide services for day-to-day operations and for the purchase or sale of real estate for the Company. We intend that negotiations between the Company and USA BRA relating to Program Management Fees will address USA BRA's operating requirements and an appropriate allocation of its time devoted to activities associated with the Company vis-a-vis its other business activities.

#### **Reimbursements to USA BRA and its Affiliates**

USA BRA will be reimbursed for certain direct costs incurred on the Company's behalf for acquiring Land Parcels, and for goods and materials obtained from entities that are not affiliated with USA BRA. Possible reimbursable costs and expenses include, but are not limited to, interest and other costs for money borrowed, taxes on property or business, fees for legal counsel and independent auditors engaged, expenses relating to investor communications, costs of appraisals, non-refundable option payments on Land Parcels not developed or acquired, and title insurance. These expenses also include ongoing accounting, reporting and filing obligations that are provided by USA BRA and payments made to third parties that are made by USA BRA. These expenses will not include any amounts for overhead of USA BRA. In addition, there will be no "mark-up" of these expenses by either of these entities. Operating expenses reimbursable to USA BRA will be subject to the overall limitation on operating expenses discussed under "Compensation", but the amount of reimbursement is not otherwise limited.

USA BRA may provide other services and be entitled under certain conditions to compensation or payment for those services. Those conditions are summarized under "Conflicts of Interest—Transactions with Affiliates and Related Parties".

#### **Organizational and Offering Expenses**

In general, the Company's total organizational and offering expenses, including selling commissions, will not exceed 15% of the amount raised in any securities offering made by the Company. Furthermore, the total of all acquisition fees and acquisition expenses paid by the Company in connection with the purchase of a Land Parcel arranged by USA BRA shall be reasonable and shall in no event exceed an amount equal to 6% of the contract price for the Land Parcel, unless a majority of the management of the Company approves the transaction as being commercially competitive, fair and reasonable. For purposes of this limitation, the "contract price for the Land Parcel" means the amount actually paid or allocated to the purchase, development, construction or improvement of the Land Parcel, exclusive of acquisition fees and acquisition expenses. Any organizational and offering expenses or acquisition fees and acquisition expenses paid in excess of the permitted limits shall be repayable to the Company by USA BRA immediately upon demand.

#### **Cost-Sharing Arrangements and Reimbursements**

USA BRA employs the officers, managers and staff that perform services for the Company under the Advisory Agreement between the Company and USA BRA. The compensation paid to USA BRA will be allocated among the various Funds that USA BRA intends to organize in a manner that is proportionate to the estimated amount of time devoted to activities associated with the Company. Our Company, USA HLC-I, as the first such Fund, will bear all such expenses initially. Any future allocation would be determined by negotiation between USA BRA and management of the Company. USA BRA's compensation and the sharing arrangement it will have with the future Funds is anticipated to permit USA BRA to attract and retain superior executives, managers and staff. Fees paid to USA BRA by the Company under the Advisory Agreement would include compensation for their officers, managers, staff, overhead and profit.

#### **Fee Compensation**

The "Chart of Fees Paid to USA BRA by the Company" below describes all the compensation, fees, reimbursement and other benefits which will be paid by the Company to USA BRA and its Affiliates for contracted services. It is anticipated that each member of their management team and certain staff members will provide certain services to the Company. These persons are all employed by USA BRA. USA BRA expects to pay its senior managers and staff from compensation received by it under an Advisory Agreement and Land Parcel Acquisition/Entitlement Completion Agreement with the Company.

### Chart of Fees Paid to USA BRA by the Company

The Company's business plan is a distinctive program that requires a broad set of experiences and talents to be properly executed. The Company has engaged with its Advisor to execute this program. The following chart outlines the type of expenses that will occur and the compensation that will be paid for those services.

The compensation paid by the Company to its Advisor falls into two categories. First, fees paid that are tied to specific accomplishments, which include the Land Parcel Acquisition Fee and Land Parcel Entitlement Completion Fee. It is important to note that only the Land Parcel Acquisition Fee of \$329,840 for the first four Land Parcels is paid from Offering Proceeds and the balance of those fees are paid from Company earnings. The Land Parcel Entitlement Completion Fee is paid entirely from Company earnings and none from Offering Proceeds.

The second types of payments are for work accomplished to establish the Company and for managing its ongoing operations. The Organization Fee is not paid from Company earnings, rather, it is paid through distributions to the Advisors Class B Member Capital Account and repayment of a loan made to the Company. The Program Management Fee is a monthly payment for services related to running the ongoing business of the Company which requires essentially the full time application of the Advisors officers and staff. These payments are paid from Offering Proceeds over the initial 12 months of the Company's operating period and from Company earnings thereafter.

Entity Receiving Fees	Type of Fees	Amount of Fee Compensation	Sources & Timing of Payments
	<u>Organization Period</u>		
USA BRA	Reimbursements for expenses incurred in the organization period of the Company.	Advisor incurred significant costs during the organization period of the Company to (i) identify and establish business relationships with land owners, construction companies, construction lenders and numerous companies that will provide services to the Company during the Land Entitlement process, and (ii) identify and negotiate for the purchase of Land Parcels that meet the Company's development requirements. USA BRA has charged the Company \$750,000 for this organization period work and has agreed to contribute \$500,000 of the amount as Class B Capital and loan the balance of \$250,000 to the Company to be repaid without priority from operating revenues. The loan will bear 10% interest. See the Financial Forecast for assumed timing of repayment.	This is a non-cash charge to the Company and not a use of Offering Proceeds. The credit to USA BRA's capital account entitles it to Distributions in the normal course of events as Distributions are declared by the Manager. The loan portion of the fee charge will be paid from earnings. The loan has no stated priority and the principal and interest on the loan will be paid from earnings.
	<u>Acquisition Phase</u>		
USA BRA	Acquisition Fee for acquiring Land Parcels for the Company.	Acquisition Fee – 4% of the purchase price of each Land Parcel arranged for purchase.	Only the initial four Acquisition Fees in the amount of \$329,840 or 3.3% of Offering Proceeds are paid from Offering Proceeds. The balance is paid from earnings.

Reimbursement allowance for real estate acquisition expenses.

Acquisition Expenses - Typical real estate acquisition expenses are estimated to be approximately .5% of the contract price of the Land Parcels.

**Operations Phase**

USA BRA

Program Management Fee for managing the day-to-day operations of the Company.

Advisor will be paid a Program Management Fee of \$150,000 a month commencing May, 2014 through May 2015 and \$75,000 a month thereafter through the month in which the final Land Parcel sale or assignment occurs.

USA BRA

Reimbursement for certain deposits and costs incurred on Company's behalf.

Not estimable, but subject to the limits described below under "The Advisory Agreement."

USA BRA

**Land Parcel Sale  
or  
Assignment Phase**

Entitlement Completion Fee for selling or assigning the Company's Land Parcels.

Entitlement Completion Fee - 4% of the sales price or the assignment value of each Land Parcel to a New Build Affiliate. USA BRA has agreed to take a \$500,000 Capital Account credit in lieu of taking initial cash payments due it in that amount for Entitlement Completion Fees. This allows the Company to retain \$500,000 in cash to accommodate any payments made to Class A Members under the Liquidity Feature.

No Land Parcel Completion Fees are paid from Offering Proceeds. All are paid from earnings.

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### Specific Amounts of Compensation Payable to USA BRA

Except as otherwise indicated in the previous table, the specific amounts of compensation or reimbursement payable to USA BRA will depend upon factors determinable only at the time of payment. Compensation payable may be shared or reallocated in USA BRA's sole discretion. However, compensation and reimbursements which would exceed specified limits or ceilings cannot be recovered by USA BRA through reclassification into a different category.

### The Advisory Agreement

The Advisory Agreement between the Company and USA BRA will have a four year term and will be renewable for additional one year terms thereafter, if the Company has remaining business activity. The Advisory Agreement provides that it may be terminated at any time by a majority of the Company's Manager's Board of Directors, with or without cause, upon 60 days' written notice. USA BRA can terminate the Advisory Agreement with or without cause upon 60 days' written notice. However, in the event of any such termination at the election of USA BRA prior to December 31, 2015, USA BRA shall grant to the Company the right to re-acquire its percentage interest in the Company at a price equal to that paid by the Company's investors multiplied by 20% for each whole or partial year held by USA BRA.

In addition to such further liability or obligation of either party to the other due upon termination of the Advisory Agreement, if the Advisory Agreement is terminated without cause, or in the case of any determination by the Company to liquidate its assets other than in the normal course of business or wind-up its affairs, the Company shall pay USA BRA a termination fee ("Advisory Termination Fee") in an amount equal to one percent of the Company's gross asset value (without adjustment for depreciation or amortization). For the purpose of determining gross asset value, the Land Parcel purchase prices contained in the Land Parcel Purchase Contracts shall be used. The Advisory Termination Fee shall be paid within 30 days following the date that the notice of termination is given.

Under the Advisory Agreement, USA BRA undertakes to use its best efforts (i) to supervise and arrange for the day-to-day management of Company operations, and (ii) to assist the Company in maintaining a continuing and suitable Land Parcel investment and disposition program consistent with Company investment policies and objectives. Under the Advisory Agreement, generally, USA BRA is not required to, and will not, advise on investments in securities, *i.e.*, the temporary investment of offering proceeds pending investment of those offering proceeds in real property. It is expected that the Company's Manager's officers and directors will generally make decisions with respect to temporary investments.

Pursuant to the Advisory Agreement, USA BRA will be entitled to (i) a Program Management Fee of \$150,000 per month commencing in May 2014 and continuing through May 2015, and \$75,000 per month thereafter until the last Land Parcel is sold or assigned, (ii) an Acquisition Fee of 4% of the contract price of a Land Parcel, and (iii) an Entitlement Completion Fee of 4% of the sales price or the assignment value of each Land Parcel.

The Parent Company's operating agreement requires that their Board of Directors monitor USA BRA's performance under any Advisory Agreement with the Company and to determine at least annually that the amount of compensation the Company pays to USA BRA is reasonable, based on factors as the Managers Board of Directors deem appropriate, including:

- the success of USA BRA in selecting opportunities that meet the Company's investment objectives,
- the rates charged by other investment advisors performing comparable services supervising Companies,
- the amount of additional revenues realized by USA BRA for other services performed for a Company,
- the quality and extent of service and advice furnished to a Company by them,
- the performance of the investments for a Company, and;
- the quality of the investments for the Company in relation to any investments generated by it for its own account.

Unless the Board of Directors of our Parent Company concludes that a higher level of expenses is justified based upon unusual and nonrecurring factors which they deem sufficient, USA BRA must reimburse the Company for the amount of any excess operating expenses. It must make reimbursement within 120 days from the end of their fiscal year. USA BRA will be entitled to be repaid reimbursements in succeeding fiscal years to the extent actual operating expenses are less than the permitted levels. In determining that unusual and nonrecurring factors are present, our Parent Company's Directors will be entitled to consider

all relevant factors pertaining to their business and operations, and will be required to explain their conclusion in written disclosure to the investors. USA BRA generally would expect to pay any required reimbursement out of compensation received by them in the current or prior years. However, there can be no assurance that they would have the financial ability to fulfill their reimbursement obligations.

#### **Land Parcel Acquisition/Entitlement Completion Agreement**

A Land Parcel Acquisition/Entitlement Completion Agreement with USA BRA will be executed with the Company, under which USA BRA will agree to act as the Company's agent in connection with purchases and sales of Land Parcels. Under the Agreement, USA BRA is entitled to an Acquisition Fee of 4% of the acquisition price of a Land Parcel for each Land Parcel arranged for purchase by USA HLC-I. Under the Agreement, USA BRA is also entitled to an Entitlement Completion Fee of 4% of the sales price or the assignment value of each Land Parcel. Under the Land Parcel Acquisition/Entitlement Completion Agreement, USA BRA is not entitled to any real estate fee upon the sale of a Land Parcel to, or purchase of a Land Parcel from, another Fund unless approved by both Funds' boards of directors. The Agreement between the Company and USA BRA will have a four year term and will be renewable for additional one year terms thereafter, if the Company has remaining business activity. This discussion is only a summary of the material terms of the Land Parcel Acquisition/Entitlement Completion Agreement between the Company and USA BRA.

#### **Land Parcel Acquisition and Entitlement Completion Fee Compensation**

Under the Advisory Agreement, we will pay USA Barcelona Realty Advisors and its Affiliates Program Management Fee compensation, and under the Land Parcel Acquisition/Entitlement Completion Agreement, we will pay USA Barcelona Realty Advisors and its Affiliates Acquisition/Entitlement Completion Fee compensation. In addition, under each such agreement, and in exchange for the services rendered under each such agreement, we would reimburse USA Barcelona Realty Advisors with Reimbursement Compensation for certain payments it makes to its Affiliates. USA Barcelona Realty Advisors will use the Reimbursement Compensation received from us under the Advisory Agreement and the Land Parcel Acquisition/Entitlement Completion Agreement to pay its Affiliates, as determined to be appropriate in the sole discretion of USA Barcelona Realty Advisors.

#### **Reimbursements to USA Barcelona Realty Advisors and its Affiliates**

USA Barcelona Realty Advisors and its Affiliates will be reimbursed for certain direct costs incurred on our behalf for acquiring and Entitling our Land Parcels and for goods and materials used for or by us and obtained from entities that are not affiliated with USA Barcelona Realty Advisors and its Affiliates, although whenever possible we and USA Barcelona Realty Advisors and its Affiliates will attempt to have costs incurred on our behalf to be charged to us, rather than charged to USA Barcelona Realty Advisors and its Affiliates and thereafter reimbursed by us. Possible reimbursable costs and expenses include, but are not limited to, interest and other costs for money borrowed on our behalf, taxes on our property or business, fees for legal counsel and independent auditors engaged for us, expenses relating to Class A Member communications, costs of appraisals, non-refundable option payments on property not acquired, title insurance. These expenses also include ongoing accounting, reporting and filing obligations of ours that are provided to us by USA Barcelona Realty Advisors and its Affiliates and payments made to third-parties that are made by USA Barcelona Realty Advisors and its Affiliates on our behalf. These expenses will not include any amounts for overhead of USA Barcelona Realty Advisors and its Affiliates. In addition, there will be no "mark-up" of these expenses by either of these entities. Operating expenses reimbursable to USA Barcelona Realty Advisors and its Affiliates are subject to the overall limitation on operating expenses discussed under "Compensation", but the amount of reimbursement is not otherwise limited.

Subject to the conditions applicable generally to transactions between USA BRA and the Company, an Affiliate may render services to us in connection with the Company's financings or refinancing's and would be entitled to compensation for those services. As of the date of this Memorandum, there are no specific agreements for any of these services.

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## **X. MANAGEMENT & ADVISORS se of Offering Proceeds or Revenues**

Our Advisor is the only entity that has officers, directors, advisors and employees. Our Parent Company has officers, directors and outside advisors but does not have any employees. Our entire work needs are met by our Advisor under the direction of our Parent Company, USA Barcelona Realty Holding Company and our Manager, USA Barcelona Hotel Holding Company. We believe the combined experience of the executives, directors, management team and outside advisory group of USA Barcelona Realty Holding Company and our Advisor is substantial in their capabilities to conduct the business of the Company. In addition to their own capabilities, they have a large network of industry contacts, who can be enlisted as additional resources as required. These contacts represent potential contacts for forming strategic alliance relationships, Land Parcel acquisition opportunities and sourcing of financing.

We are a Manager Managed company. Our Manager, USA Barcelona Hotel Holding Company is wholly owned by our Parent Company. Richard Harkins and George T. Simmons are officers of our Manager and Parent Company and serve on our Parent Company's Board of Directors. They will be joined on the Board of Directors by a minimum of three outside directors. Mr. Harkins is President of our Company and other than Major Decisions, makes the day to day decisions for the Company. Major Decisions are made by our Manager and its Manager and are executed by our President. The other Advisors are instrumental in providing oversight and guidance to the Company. The following table sets forth the names and ages of those persons who comprise the Officers of the Company, our Manager and our Parent Company in addition to Advisors to the Company.

Person (Age)	Position	Affiliated Since
Richard C. Harkins (73)	President of the Company; President of our Manager, USA Barcelona Hotel Holding Company; President and of our Parent Company, USA Barcelona Realty Holding Company; and, President of our Advisor, USA Barcelona Realty Advisors.	May, 2009
George T. Simmons (74)	Executive Vice President of the Company; Executive Vice President of our Manager; Executive Vice President of our Parent Company; and, Executive Member and Chief Operating Officer of our Advisor.	July, 2009
Bruce Orr (60)	Executive Member of our Advisor.	April, 2010
Robert Kerrigan (76)	Executive Member of our Advisor.	October 2012
Jeffrey S. Teets (58)	Chief Financial Officer of our Parent Company, our Manager and our Advisor.	August, 2013
Patrick McDonough (62)	Vice President Retail Capital Markets of our Advisor.	November, 2013
Rodney L. Eaves (58)	Vice President Development & Construction Management of our Advisor.	February, 2013
Anthony Manos (52)	An independent advisor to our Advisor.	September, 2013
Dawn Berry (48)	An independent advisor to our Advisor.	June, 2010
Steven Gold (72)	An independent advisor to our Advisor.	August, 2009

**Executive Management Team** - Our Advisor's senior executives have extensive experience in investing, developing and managing various asset classes of commercial real estate. In addition, we have a number of advisors to the company, who collectively represent nearly 270 years of senior management experience, mostly in the hospitality and multifamily asset classes. (See "The Experience of our Advisor's Management Team and its outside Advisors")

**Richard C. Harkins** - President, Chief Executive Officer and Executive Member. Mr. Harkins has over 40 years of background in the real estate industry. His experiences include land acquisition, development, financing and executive management involving over 675 individual hospitality and multifamily properties. He has been the responsible executive for directing activities involving obtaining the debt and equity capital required for land acquisition, development and construction. He has directed the capital markets activities that resulted in arranging the equity financing for the aforementioned 675 properties. He

also has substantial experience in residential land development and development of daily fee golf properties. His experience includes tenures with Gulf Oil Real Estate Development Corporation, Cardinal Industries and numerous private venture real estate companies. Over the period 2002 through mid-2009 Mr. Harkins was in the creation and executive management of Arizona Village Communities Operating Company, Inc. ("AVC"), a land development, luxury community developer and real estate investment company, which ceased operations in 2009. He received an extensive education in electronics and electronic warfare systems and procedures while serving over nine years of active duty in the U.S. Navy and holds a BS Degree in Accounting from the University of Alabama. Other than a ten month consulting engagement with Pierce-Eislen, a nationally recognized market research firm focused in the apartment industry, during the most recent five year period, he has been fully involved in founding, organizing and the startup of USA Barcelona Realty Holding Company and its several Affiliates.

**George T. Simmons** - Executive Vice President, Chief Operating Officer and Executive Member. Mr. Simmons has over 25 years of background as an investor, developer and owner of individual office, retail and manufacturing properties, and as an investor and director of several private commercial real estate holding companies. Mr. Simmons was a director of AVC with Mr. Harkins. He also has over 35 years of senior executive experience in the semiconductor industry and is a founder of a semiconductor manufacturing company operating with multiple factory sites in Greater China. He holds a BS Degree in Engineering and Economics from the University of Nebraska. During the most recent five year period, Mr. Simmons was engaged in various start-up initiatives in healthcare and commercial real estate ventures, plus being heavily involved with Mr. Harkins in preparing to launch USA Barcelona Realty Holding Company.

**Bruce Orr** - Executive Member. Mr. Orr focuses on property research, analysis and acquisitions. He has a background in corporate finance and commercial banking. He earned his MBA from Pepperdine University and was trained in banking and finance while with Wells Fargo Bank Commercial. He has broad experience in corporate finance, mergers and acquisitions, ESOPs and real estate financing. Mr. Orr has worked within the hotel development industry as a consultant and Chief Operating Officer, and as an independent developer, has worked on a number of hotel projects in Southern California. Over the most recent five year period, Mr. Orr has been affiliated with a partnership, Development Net Co., to develop commercial real estate in Southern California, plus assisting with the preparation to launch USA Barcelona Realty Holding Company.

**Robert Kerrigan** - Executive Member. Mr. Kerrigan advises on financial matters. He is currently the President and sole shareholder of Personal Wealth Management Group, Inc. He holds a designation of Certified Wealth Consultant. For the past 45 years, Mr. Kerrigan has been active in the financial services industry both as a provider of financial services to private clients, and through ownership and management of several privately held companies both in manufacturing and service distribution. He holds a BS Degree in Economics from the University of Wisconsin Oshkosh. During the most recent five year period, Mr. Kerrigan has been a Registered Representative and Personal Financial Advisor with FFEC, a broker-dealer organization headquartered in Scottsdale, AZ, plus being involved with the formation of USA Barcelona Realty Holding Company.

**Jeffery S. Teets** - Chief Financial Officer. Mr. Teets is a financial executive with over 25 years of broad experience in the operational and development aspects of fast growing real estate investment companies. Mr. Teets has been successful in partnering finance and reporting with operations to drive long-term gains in business performance, revenues, company value and bottom-line profits. He has substantial experience in real estate development, acquisitions/ dispositions of properties and finance with Macerich/Westcor, a major real estate developer/manager of regional malls, retail centers and resorts. Prior to the acquisition of Westcor by Macerich, as Treasurer of Westcor, Mr. Teets was responsible for structuring the successful \$1.5 billion merger of various Westcor operations into a public REIT infrastructure. He has a public accounting background with Ernst & Young, holds a BS Degree in Accounting from Michigan State University and is a Certified Public Accountant. During the most recent five year period, Mr. Teets performed in the capacity of interim CFO for several commercial real estate companies and as a financial consultant involved with due diligence on acquisition targets, financial structuring and strategic tax planning.

**Patrick McDonough** - Vice President, Retail Capital Markets. Mr. McDonough has a senior management background in development, acquisition and management of office and healthcare properties. He was most recently the top executive in a regional services organization, Sedona Real Estate Group, advising clients on various aspects of commercial real estate development, acquisition and asset management. Patrick also has substantial senior executive tenure in the health care industry. He holds a BS Degree in Finance from the University of Scranton. During the most recent five year period, Mr. McDonough was involved with a variety of commercial real estate projects as Managing Director of Sedona Real Estate Group, LLC in Carefree, AZ.

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**Rodney L. Eaves** - Vice President, Development & Construction Management. Mr. Eaves began his career in the architectural and design field. That experience ultimately led him into the construction industry, when in 1983 he joined the Kiewit Corporation, one of the largest construction companies in North America, as an architectural coordinator. Over a 30-year span Mr. Eaves participated in and managed numerous commercial projects that included construction developments in the transportation, education, hospitality and sports industries. In 2012, he retired as President and Area Manager for the Kiewit Western division of the Kiewit Corporation. Mr. Eaves served on the board of directors of the Precast Concrete Institute. He is a native Phoenician and graduated from the University of Arizona with a BS in Architecture. During the most recent five year period, Mr. Eaves was employed by the Kiewit Corporation and was separately involved as a principal in several personally financed real estate development projects.

#### **Advisors to Management**

**Anthony Manos** - Mr. Manos is Chief Investment Officer at Corton Partners. He formerly served as Senior Vice President of Development & Acquisitions at the Irvine Company and was responsible for the development/acquisition of the company's shopping center portfolio and the redevelopment of Fashion Island and Irvine Spectrum regional malls. He also was on the development and planning team for the five-star Pelican Hill Resort. Mr. Manos served as the Senior Vice President and Head of the West Coast Operations for Brookfield Properties' portfolio of 8,000,000 square feet of office and mixed use properties valued at over \$3.0 billion. As Executive Vice President of Mixed Use Development and Operations for Westfield Corporation, he was responsible for the selection and entitlement of their hospitality sites throughout the U.S. Mr. Manos has worked as a consultant and is a Certified Public Accountant, starting his career at Deloitte Haskins & Sells. He holds a BS Degree in Accounting and Finance from the University of Southern California.

**Dawn Berry** - Ms. Berry is President and Chief Executive Officer of Pyramid Hospitality and Development Company and has over 20 years' experience in the hospitality industry. Her expertise includes executive management of hotels in focused service, full service, destination resort hotels and franchise brand management ranging from 125 to 2,200 guest rooms in urban, suburban and destination markets across the U. S. During her six year prior role as Vice President of Brand Management for Hilton Garden Inn, she earned the JD Power Award for brand experience during five of her six years, and was a contributing member in taking the brand from 58 to 310 properties. She holds a BS Degree in Business from the University of Wisconsin. Over the past five years Ms. Berry has been the President and Chief Executive Officer of Pyramid Hospitality and Development Company.

**Steve Gold** - Mr. Gold is Managing Director for Hotel Financial Strategies, responsible for development of debt and equity programs, where he has been involved in over \$20 billion in real estate financing. He has been the Chairman of the Real Estate Advisory Board at UCLA, Founder of the UCLA Hotel Conference (ALIS) and a member of the Dean's Council of the UCLA School of Architecture and Urban Planning. Mr. Gold has been a Director of the public REIT Commonwealth Equity Trust, served as Chairman of Center Financial and was an Adjunct Professor at UCLA Business School. He specializes in the financing of major real estate developments and originates many joint ventures for developers with institutional partners. He holds a BS Degree in Business and a MBA, both from UCLA. Over the past five years Mr. Gold has been Managing Director for Hotel Financial Strategies.

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## **XI. CONFLICTS OF INTEREST**

### **General Conflicts**

We may be subject to various conflicts of interest arising from our relationship with USA BRA, with future Funds managed by USA RHC and their management. USA BRA intends to provide advisory services only to Funds, their Affiliates and subsidiaries, and to other Funds sponsored by USA RHC, so that conflicts with USA RHC will be minimized. In addition, their management may have conflicts of interest in allocating time and attention among us and other Funds engaged in similar activities, which may be organized by members of their management in the future.

USA RHC and its management are restricted from engaging for their own account in business activities of the type conducted by the Company. Occasions may arise when interests conflict with those of one or more of USA RHC's management or other programs organized by them. Subject to certain limitations in our articles of incorporation and the Advisory Agreement, USA BRA and their management are accountable to the Company, other future Funds and Affiliates under advisory or other contracts.

USA BRA will assist the Company and Affiliates in acquisition, organization, servicing, management and disposition of investments.

### **Conflicts Related to Fees, Compensation and Economic Benefits Paid to USA RHC and USA BRA**

The receipt of various fees and other economic benefits by USA RHC and USA BRA or management may result in potential conflicts of interest for persons who participate in decision making on behalf of the Company and any future Funds under contract and these other entities (or, in the case of management, on behalf of themselves individually). USA RHC and USA BRA also may be subject to conflicts of interest arising from their relationship with Affiliates and their management.

### **Policies to Address Conflicts**

USA RHC and USA BRA will also be subject to the various conflicts of interest described in this section. They intend to implement policies and procedures to try to ameliorate the effect of potential conflicts of interest. They will endeavor to enter into contracts designed to ensure that these contracts are not less favorable to us than would be available from an unaffiliated party.

### **Transactions with Affiliates and Related Parties**

Transactions conducted by USA BRA must be in all respects fair and reasonable to the Company's Members. If any proposed transaction involves the purchase of Land Parcels, the purchase must be on terms not less favorable than those prevailing for arm's-length transactions concerning a comparable Land Parcel, and at a price no greater than the cost of the asset to the seller unless it is determined that substantial justification for the excess exists. Examples of substantial justification might include, without limitation, an extended holding period for capital improvements by the seller, which would support a higher purchase price. USA BRA will receive compensation for providing many different services. Fees payable and expenses reimbursable will be subject to the general limitation on operation expenses.

### **Interlocking Board of Directors**

Richard Harkins and George T. Simmons concurrently serve as Executive Members of USA BRA and will serve on the board of directors of USA HHC, the Manager of the Company. There may be future instances where our Land Parcels are in the same markets as Land Parcels owned by future Funds for which USA HHC is the manager and USA BRA is Advisor. However, we do not believe that any of USA HHC's director's service as a director in a future Fund owning Land Parcels in the same markets will present a material conflict of interest. Directors will endeavor to act in the best interests of the Company and any future Fund.

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The following chart shows the common management and board membership of the Company and any future Fund and two of the Executive Members of USA BRA:

**Chart - Interlocking Management and Board of Directors**

Affiliate Company	Person	Title	Person	Title
USA Barcelona Realty Holding Company	Richard Harkins	President & CEO	G. Thomas Simmons	Executive Vice President
USA Barcelona Hotel Holding Company	Richard Harkins	President & CEO	G. Thomas Simmons	Executive Vice President
USA Barcelona Hotel Land Company I	Richard Harkins	President & CEO	G. Thomas Simmons	Executive Vice President
USA Barcelona Realty Advisors	Richard Harkins	President & CEO	G. Thomas Simmons	Executive Vice President

#### **Competition for Management Services**

USA BRA's management may at times owe certain duties to entities which conflict with their advisory duties to us. Their management may in the future organize additional Funds which may compete with us and may, as a director or officer of those Funds, owe duties to those Funds, which may conflict with duties to the Company and any future Fund.

#### **Competition between Funds That May Be Organized by USA HHC**

Future competing activities of USA HHC may involve conflicts of interest. USA HHC may from time to time become aware of properties of different types available for sale that could be purchased by a future Fund. USA HHC would expect to recommend the possible acquisition of a particular Land Parcel that might be available for purchase to one Fund or another Fund based upon their respective business plans, the markets in which the companies already own properties, the type of Land Parcel involved and other relevant considerations, but there can be no assurance that these types of considerations will eliminate any potential conflict of interest presented by this situation.

Funds that may be formed by USA HHC, may in certain circumstances compete with one another in seeking to dispose of Land Parcels. This could occur when a potential purchaser of Land Parcels has an interest in Land Parcels owned by more than one of these companies. We believe that the magnitude of this potential risk will be lessened by certain factors, including that the companies will differ in certain aspects in the sectors and locations of the assets they hold and will often, at any given time, be in different stages of their business or development plans. However, there is no assurance that a prospective purchaser would not make an attractive offer to more than one of these companies. The board of directors of the Fund to whom such a potential offer might be made would have to carefully evaluate all terms of the offer in light of that particular Fund's overall business plan, including possible future alternative disposition or liquidation options.

In addition, we expect that by the time USA HHC seeks to develop or acquire Properties for a given Fund, no other future Fund organized by USA HHC will be seeking to acquire Land Parcels at the same time. Therefore, as a general proposition, we would not expect Funds to compete with other Funds sponsored by USA HHC. Thus, we do not expect there to be any direct conflict between the interests and the interests of any similar Fund organized by USA HHC during the efforts to develop Land Parcels. However, USA HHC plans as described in this Memorandum are not yet memorialized in any binding, written agreement with any future Fund.

As noted above, notwithstanding USA HHC's proposal that any given Land Parcel acquisition phase will not coincide with the offering of interests in or the Land Parcel acquisition activities of any other Fund organized by USA HHC, it is not possible to provide the same protection against potential conflicts of interest with respect to the sale or other disposition of Land Parcels. USA HHC believes that a Fund's ultimate Land Parcel portfolio will be distinguishable to a degree from the property portfolios of Funds that may in the future be organized by USA HHC. In addition to the differences in the actual assets these various companies own, they may own different mixes of types of assets (for example, the distribution of assets within the categories of hotels (such as extended-stay hotels as compared with full-service hotels) and/or the identity of the hotel franchise involved, and there may be differences in the mix of locations of the assets of the various companies. In addition, since Funds will be, or were, organized at a different time, Funds will, at any point, be in different stages of business and development plans. We believe that, as a general rule, Funds organized earlier will tend to seek to dispose of their properties earlier than Funds organized later. However, there can be no assurance that this principle would always apply, and there can be no assurance that a potential purchaser of Land Parcels might not express an interest in Land Parcels or hotels owned by more than one of the Funds that may be organized by USA HHC. As noted, the boards of directors of the Funds involved would have to carefully

evaluate all terms of any offer in light of the companies' overall business and development plans, but potential conflicts with respect to the possible disposition of Land Parcels that may be organized by USA HHC may not be subject to complete elimination.

Although any given Funds operational phase may overlap with the operational phases of other future Funds that may be organized by USA HHC, and it is possible that any disposition and liquidation phase could coincide or partially overlap with the disposition and liquidation phase of such future Fund, certain factors will tend to ameliorate the effect of the resulting potential conflicts of interest associated with these factors.

With respect to our disposition and liquidation phase, and the disposition and liquidation phases of other related programs, insofar as such matters are within their control, we would expect USA HHC take steps and implement procedures to minimize potential conflicts between programs. Thus, for example, we would expect that they engage third-party investment advisors to recommend when and how they should seek to dispose of its Funds assets or engage in some other liquidation or "exit" strategy. We would expect USA HHC endeavor to avoid having a situation where they are simultaneously engaged in a conflicted attempted disposition or liquidation strategy where this would present a potential conflict of interest. This might mean, for example, that they would defer disposition of a Fund's assets or other "exit" strategy until after another previously organized Fund had implemented its disposition or exit strategy. However, depending upon the facts, the amelioration of potential conflicts of interest could take other forms. For example, it is possible that two Funds could simultaneously be offered for sale in a proposed single transaction. This could occur, for example, if our ultimate size is relatively small and simultaneous sale of two or more Funds to a single Purchaser could maximize benefits to the Members of all Funds involved.

USA RHC's executive team members and management are sensitive to the various potential conflicts of interest associated with the simultaneous operation of multiple Funds with similar investment objectives, policies and strategies. In analyzing potential conflicts of interest, they will consider factors of the type discussed in this section of the Memorandum, their legal obligations to their Members, and the advice of independent experts, including investment advisors, auditors and legal counsel. However, Members must assume that not every potential conflict of interest can be eliminated. For example, they do not necessarily control their disposition or "exit" phase. A third-party Member could make unsolicited offers for our Land Parcels and another program at the same time. In such event, as noted, the boards of directors of the Funds involved would have to carefully evaluate all terms of any offer in light of the respective companies' overall business and development plans, including the stage of development of the Fund, its current plans for ongoing continued operations, the likelihood of alternative exit strategies in the future, the advice of third-party advisors and other factors. USA RHC's management believes that the policies and procedures described in this section to ameliorate potential conflicts of interest are sufficient to adequately safeguard the interests of the Members.

In connection with evaluating potential conflicts of interest involving USA HHC's officers and directors, prospective investors should also note that use of the same management personnel for the Company and other Funds may result in certain cost efficiencies and advantages in management experience and expertise that might not be present if we and other Funds organized or owned by USA HHC had its own distinct set of officers and other management personnel. This is because their officers and management personnel have experience working for several different companies involved in similar businesses, and the cost of employing these persons would be spread among multiple companies.

USA HHC and USA BRA may be entitled to fees and benefits from future Funds that USA HHC may organize when those future Funds dispose of their assets. The fee structure between USA HHC and USA BRA may not be the same as the fee structure between future Funds and USA HHC and USA BRA. There is no agreement with USA HHC and USA BRA limiting its ability to form Funds in the future that may limit the type and amount of compensation payable to USA HHC and USA BRA by any companies that USA HHC may organize.

## **XII. PLAN OF DISTRIBUTION**

### **The Offering**

The Class A Units are being offered on a "best efforts", no minimum Offering basis. The Class A Units are being offered by officers of the Company on a "best efforts" basis, who will receive no compensation related to their sale activities. Other persons who assist in sales, including registered investment advisors, licensed securities dealers and others ("Selling Agents") subject to applicable laws, may receive fees or commissions of up to 8% of the sales price of Class A Units sold. We also intend to sell Class A Units to Eligible Persons, who may include our Affiliates, at a Modified Price of not less than \$920 per Class A Unit.

Sales commissions on Class A Unit sales will be paid from Offering Proceeds within three business days from the time Offering Proceeds are received by the Company from escrow. We anticipate that an additional 1% (up to \$100,000) will be used to pay expenses to third party professionals for expenses relating to the organization of the Company and conducting this Offering including, among other expenses, legal, printing, mailing, and accounting fees. After deduction of those expenses, all other Offering Proceeds will be used by the Company to pursue the business plan outlined in this Memorandum. See "Planned Use of Offering Proceeds".

The Class A Units are offered to Accredited Investors only at \$1,000 per Class A Unit, with a minimum purchase of 100 Class A Units for \$100,000. No prospective investor should assume that the per-unit prices reflect the intrinsic or realizable value of the Class A Units or otherwise reflect our value, earnings or other objective measures of worth.

USA Barcelona Realty Advisors, its Affiliates and assigns, may purchase Class A Units in this Offering without Commissions at the Modified Price on the same terms and conditions as other Eligible Persons. If USA Barcelona Realty Advisors, Affiliates and assigns purchase any Class A Units, they will be permitted to vote on any matters submitted to a vote of holders of the Class A Units. Any purchase of Class A Units in this Offering must be for investment, and not for resale or distribution.

We expect to terminate this Offering when all of the Units offered by this Memorandum have been sold or March 31, 2015 (whichever occurs sooner); provided, we may at our discretion extend the Offering for up to an additional 180 days in order to sell all 10,000 Units, or such lesser amount as we may elect.

This is our initial offering of Class A Units. There is no market for any of our Class A Units. The initial Offering Price for the Class A Units is arbitrary and was determined on the basis of our proposed capitalization, market conditions and other relevant factors.

### **Who May Purchase – Accredited Investors Only**

Each investor who desires to purchase Units must be an "Accredited Investor" within the meaning of Rule 501 of Regulation D, promulgated under the Securities Act, and will be required to complete and sign a Subscription Agreement in the form included in this Memorandum as Exhibit A. In addition to requesting basic identifying information concerning the investor, such as his or her name and address, the number of Units subscribed for, and the manner in which ownership will be held, the investor is required to make a series of representations to us set forth in the Subscription Agreement.

We ask for these representations to help us determine whether you have received the disclosure materials pertaining to the investment, qualify as an Accredited Investor, meet certain suitability requirements we have established, and understand what you are investing in. Should a dispute later arise between you and us concerning matters that are the subject of any representation, we would expect to rely upon your making of that representation in the Subscription Agreement if you later claim

"Accredited Investor" has the meaning given in Rule 501 of Regulation D, promulgated under the Securities Act.

- (a) The following natural persons are "Accredited Investors":
  - (i) Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase, exceeds \$1,000,000 (excluding the value of that person's primary residence); or,

- (ii) Any natural person who had an individual income in excess of \$200,000 (or joint income with that person's spouse in excess of \$300,000) in each of the two most recent years, and has a reasonable expectation of reaching the same income level in the current year.
- (b) The following entities are defined as "Accredited Investors":
  - (i) Any trust with total assets in excess of \$5,000,000 not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a "sophisticated person" within the meaning of Rule 506(b)(2)(ii) of Regulation D;
  - (ii) Any entity in which all of the equity owners are "Accredited Investors"; or,
  - (iii) Other entities defined in Rule 501 of Regulation D.

These standards impose minimum income and net worth standards which we believe are reasonable considering our planned business activities, our method of making the Offering under Regulation D and the risks associated with a purchase of the Class A Units. These risk factors include the potential income tax implications to Investors, the lack of liquidity in the Class A Units, potential variances in cash Distributions to Investors, our use of leverage, and the risks generally inherent in the real estate industry. See the discussion of "Risk Factors" in this Memorandum.

#### Modified Price for Eligible Persons

The following persons ("Eligible Persons") may purchase Class A Units at a Modified Price of not less than \$920 per Class A Unit: (a) our Affiliates, including management, employees, officers and directors of the Company or the Advisor, or of the Affiliates of either of the foregoing entities (and the immediate family members of any of the foregoing persons), and any plan established exclusively for the benefit of such persons or entities; (b) A registered principal or representative of a Selling Agent (and the immediate family members of any of the foregoing persons); (c) a client of an investment adviser registered under applicable securities laws; and (d) a person investing in a bank trust account for which the decision-making authority has been delegated to the bank trust department (other than any registered investment advisor that is also registered as a securities dealer, with the exception of clients who have "wrap" accounts which have asset based fees with such dually registered investment advisor/ securities dealer). For purposes of this paragraph, "immediate family members" means such person's spouse, parents, children, grandparents, grandchildren and any such person who is so related by marriage such that this includes "step" and "in law" relations as well as such persons so related by adoption. The amount of net proceeds to the Company from the sale of Class A Units with full Selling Agent Commissions will be the same as from the sale of Class A Units at a Modified Price without Commissions.

Selling Agents that have a contractual arrangement with their clients for the payment of fees on terms that are inconsistent with the acceptance of all or a portion of the Commissions may elect not to accept all or a portion of their compensation in the form of Commissions for Units that they sell. In that event, such Units shall be sold to the investor net of some or all of the 8% Commissions at a per Unit purchase price as low as not less than \$920 per Class A Unit.

#### Escrow Account

The Company is offering and selling, to Accredited Investors only, up to 10,000 Class A Units at \$1,000 per Class A Unit. There is no minimum Offering. Each Subscriber's funds will be placed in an escrow account at Alliance Bank of Arizona in Phoenix, Arizona until the Company accepts the Subscriber as a Class A Member at which time the escrowed funds will be distributed to the Company. The Offering will continue until March 31, 2015 unless the Company elects to extend the Offering for up to an additional 180 days. We will not charge fees on funds returned if we determine to terminate the Offering. The escrow account will pay earnings to investors from the date the investors' funds are received until the date of the initial Closing. We will remit the aggregate interest pro rata to the Subscribers.

Closings will be held at least monthly during the Offering Period as Subscriptions are received and accepted. The final Closing will be held shortly after the termination of the Offering Period or, if earlier, upon the sale of all the Class A Units or whatever lesser amount as determined by the Company. It is expected that after the initial Closing, we will accept Subscriptions of Class A Units no later than the last day of the calendar week following the week in which their Subscriptions are received. Funds received during the Offering but after the initial disbursement of funds will be held in the escrow account until the next Closing, and then disbursed to us. After the initial Closing, investors' funds will be held in the escrow account pending each applicable Closing.

The account will pay earnings to investors from the date the investors' funds are received until the date of the initial Closing. We will remit the aggregate interest pro rata to the subscribers. After the initial Closing, investors' funds will be held in the escrow account pending each applicable Closing.

#### Accepting Subscriptions

In no event are we required to accept the subscription of any prospective investor, and no Subscription shall become binding on us until a properly completed Subscription Agreement prepared and executed by the prospective investor has been accepted by us. Subscriptions will be revocable by us by written notice delivered to the Subscriber at least five days before the initial Closing and each subsequent Closing. It is expected that after the initial Closing, we will accept Subscriptions of Class A Units no later than the last day of the calendar week following the week in which their Subscriptions are received. The final Closing will be held shortly after the termination of the Offering Period or, if earlier, upon the sale of all the Class A Units or whatever lesser amount as determined by the Company. Funds received during the Offering but after the initial disbursement of funds will be held in the escrow account until the next Closing, and then disbursed to us.

We will require each Investor to review and complete a Subscription Agreement in which the Investor will represent that he or she meets the applicable suitability standards described in the Subscription Agreement. The form of the Subscription Agreement is attached as Exhibit A. We rely on the representations made by the Subscriber in the Subscription Agreement in assuring adherence to this suitability.

Any purchase of Class A Units in this Offering must be for investment, and not for resale or distribution.

This is our initial offering of Class A Units. There is no market for any of our Class A Units. The initial Offering Price for the Class A Units is arbitrary and was determined on the basis of our proposed capitalization, market conditions and other relevant factors.

The Company is offering the Class A Units directly through Members of management on the terms and conditions set forth in this Memorandum. No commissions or other remuneration will be paid in connection with the sale of Class A Units directly by the Company. Fees up to 8% (\$800,000) may be paid by the Company on Class A Units sold in this Offering where sales are made through members of the Financial Industry Regulatory Authority, Inc., ("FINRA"), Registered Investment Advisors and others subject to applicable state securities laws.

Sales commissions on Class A Unit sales will be paid from Offering Proceeds within three business days from the time Offering Proceeds are received by the Company from the escrow agent. An additional 1% (\$100,000) will be used to pay expenses to third party professionals for expenses relating to the organization of the Company and conducting this Offering including, among other expenses, legal, printing, mailing, and accounting fees. After deduction of those expenses, all other Offering Proceeds will be used by the Company to pursue the business plan outlined in this Memorandum. The Company is offering the Class A Units on a "best efforts" basis. See "Planned Use of Offering Proceeds".

There is no minimum Offering. Each Subscriber's funds will be placed in an escrow account at Alliance Bank of Arizona in Phoenix, Arizona until the Company accepts the Subscriber as a Class A Member at which time the escrowed funds will be distributed to the Company.

The Company is Offering Accredited Investors an opportunity to purchase an aggregate amount of 10,000 Class A Units at \$1,000 per Class A Unit. Purchasers must purchase a minimum of one hundred (100) Class A Units at \$1,000 per Class A Unit (\$100,000), except that we may permit investments of a lesser amount in our discretion.

We expect to terminate the Offering on March 31, 2015 or when all of the Class A Units offered by this Memorandum have been sold (whichever occurs sooner), unless extended by us for up to an additional 180 days ("Offering Period"), in order to achieve the Maximum Offering of 10,000 Class A Units or such lesser amount as we may elect.

### XIII. PRINCIPAL AND MANAGEMENT UNIT HOLDERS

Upon completion of the Maximum Offering, beneficial ownership of our Class B Units that will be held by our Advisor and Manager are indicated in the table below. Each person named in the table has sole voting and investment powers as to the Class B Units and shares those powers with his/her spouse, if any.

Title of Class	Name of Beneficial Owner	Address of Beneficial Owner
Class B Units	USA Barcelona Realty Advisors, LLC	7025 North Scottsdale Road, Suite 160 Scottsdale, AZ 85253
	USA Barcelona Realty Holding Company, LLC	7025 North Scottsdale Road, Suite 160 Scottsdale, AZ 85253

Percentage of All Issued & Outstanding Class A Units and Class B Units	Percentage	Number
Under the Maximum Offering of Class A Units, total Units will be issued to the following:		
Total Units (including Class A Units and Class B Units)	100.00%	11,111
Class A Units (issued to Class A Members)	90.00%	10,000
Class B Units	10.00%	1,111
Class B Units will be issued, as follows:		
USA Barcelona Realty Advisors, LLC (and assigns)	4.00%	444
USA Barcelona Hotel Holding Company, LLC (and assigns)	6.00%	667

### XIV. FEDERAL TAX CONSIDERATIONS

Accredited Investors must look to their own tax advisors regarding the tax implications inherent in investment in the Company, the income or deductions generated by the Company and allocated to its Members, and the impact of owning Class A Units will have on their personal tax situations.

This Memorandum does not include tax advice and is not intended as a substitute for careful tax planning. Each prospective Purchaser of Class A Units is advised to consult with his or her own tax advisor regarding the specific tax consequences to him or her of the purchase, ownership and disposition of Class A Units in an entity electing to be taxed as a limited liability company, including the United States federal, state, local, foreign and other tax consequences of the purchase, ownership, and disposition of Class A Units and of potential changes in applicable tax laws.

This Memorandum does not discuss the various aspects of federal income taxation that may be relevant to a particular Member in light of his personal investment circumstances or to certain types of Class A Units subject to special treatment under the Code (for example, insurance companies, banks, dealers in securities, foreign persons and tax-exempt organizations) and does not discuss any aspects of state, local, or foreign tax laws which may be applicable to a Member. Accordingly, a prospective Member is urged to consult his or its own tax advisors regarding an investment in the Company and its consequences.

The tax consequences of holding Class A Units will depend, in part, on each Member's financial and tax circumstances. You must determine whether the tax implications of this investment would be appropriate for you as a Member. Accordingly, each prospective Member must consult with his or her own tax advisor concerning the effects of the tax laws on an investment in the Company.

### XV. SALES LITERATURE

The Offering is made only by means of this Memorandum. We have not authorized the use of any other supplemental literature in connection with the Offering.

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## **XVI. REPORTS TO CLASS A MEMBERS**

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Financial information contained in all reports to investors will be prepared in accordance with generally accepted accounting principles. An annual report, which will contain audited financial statements, will be furnished within 120 days following the close of each fiscal year commencing with year ending December 31, 2014. The annual report will contain a complete statement of compensation and fees paid or accrued by the Company, together with a description of any new agreements. We also intend to send to our Class A Members quarterly reports after the end of the first three calendar quarters of each year. Quarterly reports will include unaudited financial statements prepared in accordance with generally accepted accounting principles. Under applicable law our Class A Members also have the right to obtain other information about the Company.

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## **XVII. FINANCIAL STATEMENTS**

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The unaudited Financial Statements for the Company at April 30, 2014, which have been prepared by management, is set forth as Exhibit C. The Company is a start-up entity, and does not yet have financial statements that have been compiled, reviewed or audited by independent accountants. We intend to have reviewed annual financial statements commencing with the year ending December 31, 2014.

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## **XVIII. TERMS OF THE OFFERING**

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The Company's Operating Agreement authorizes the Company to issue and sell up to 10,000 Class A Units. See "Exhibit B, Operating Agreement". We expect to terminate the Offering when all of the Class A Units offered by this Memorandum have been sold or March 31, 2015 (whichever occurs sooner), unless extended by us for up to an additional 180 days ("Offering Period"), in order to achieve the Maximum Offering of 10,000 Class A Units or such lesser amount as we may elect.

Offering fees and commissions of up to 8% may be paid by the Company where sales are made by securities dealers and other Selling Agents legally authorized to receive such compensation. If costs, fees or expenses of the Offering exceed the percentages of Offering proceeds allocated for those items, the Manager may pay any excess amounts from its own funds. The Company will not pay offering commissions or custodian fees relating to Class A Units sold at the Modified Price. Regarding purchases of Class A Units by IRAs, if applicable, the Company will pay a one-time fee to the associated IRA custodian of up to \$500, which payment will be deducted from any commissions otherwise due on the sale of the associated Class A Units. Offering commissions on Class A Unit sales and IRA custodian payments will be paid from Offering Proceeds based on sales of Class A Units accepted by the Company during the Offering Period.

The Class A Units sold under the Offering will be offered directly by members of management of the Company, for which no commission or other compensation related directly or indirectly to their sales efforts, will be paid. Class A Units may also be offered through members of Financial Industry Regulatory Authority ("FINRA"), registered investment advisors and others, subject to applicable securities laws, to Accredited Investors as defined in Rule 501(a) of Regulation D. The Company's estimation of its allocation of the net Offering Proceeds of this Offering is based upon the current and projected state of its business operation, its projected plans and current economic and industry conditions, and is subject to a reapportionment of Offering Proceeds.

Offering Expenses in an amount up to 1% of Offering Proceeds may be paid for legal, accounting, escrow printing and other related expenses. If costs, fees or expenses of the Offering exceed the percentages of Offering proceeds allocated for those items, the Manager may pay any excess amounts from its own funds. Offering Proceeds may be used by the Company for (i) meeting the Company's requirements, (ii) establishing operating reserves; and, (iii) any other use authorized in the Operating Agreement. ("Exhibit B - Operating Agreement").

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## **XIX. RESTRICTIONS ON TRANSFERABILITY**

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There will be no public market for the Class A Units, and there will be significant restrictions on the transferability of the Class A Units.

The Class A Units have not been registered under the Securities Act or the laws of any other jurisdiction and cannot be sold or otherwise transferred by investors unless they are subsequently registered under applicable law or an exemption from registration is available.

The Company is not obligated to register the Class A Units and is not required to register them or to make any exemptions from registration available.

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The Questionnaire and Subscription Agreement contains substantial restrictions on the transferability of the Class A Units. No transfer of Class A Units may be made without the transferor furnishing the Company with an opinion of counsel, satisfactory to the Company, that the transfer is exempt from the registration requirements of applicable securities laws. Documents representing the Class A Units will bear legends similar to the following:

**THE CLASS A UNITS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), UNDER THE ARIZONA SECURITIES ACT, OR UNDER ANY OTHER STATE SECURITIES ACT IN RELIANCE UPON EXEMPTIONS FOR TRANSACTIONS NOT INVOLVING A PUBLIC OFFERING.**

## **XX. SUBSCRIBER INFORMATION AND QUALIFICATIONS**

Any qualified Offeree who wishes to purchase any of the offered Class A Units should deliver the following items to the Company:

- An executed copy of the Questionnaire and Subscription Agreement (Exhibit "A"), with all blanks properly completed for the purchase of a minimum of 100 Class A Units for \$100,000, or in such other amount as approved by the Company;
- Payment of the applicable Purchase Price or Modified Price made payable to "USA Barcelona Hotel Land Company I, LLC".

All as set forth in the instructions located in the Subscription Instructions for Class A Units included in Exhibit A.

The Questionnaire and Subscription Agreement shall be tendered to the Escrow Agent. Upon acceptance by the Company, Subscribers for the Class A Units will be admitted to the Company as Class A Unit Members, and payment for the Class A Units shall be delivered to the Company.

### **Accredited Investor Confirmation**

Regulation 506(c) requires issuers raising money through offerings under Regulation D where they generally solicit to verify that their investors are "Accredited Investors". Before accepting a Subscriber's application to invest in our Class A Units, we must take "reasonable steps" to establish our belief that the Subscriber is an "Accredited Investor". Subscribers have optional ways they can provide us with such information, as described in Exhibit A – Questionnaire and Subscription Agreement.

### **Additional Information**

This Memorandum has been prepared from information available to the Company. The summaries of, and references to, various documents in this Memorandum do not purport to be complete, and in each instance reference should be made to the copy of such documents which is either an exhibit to this Memorandum of which will be made available to Offerees and their professional advisors upon request.

During the course of the Offering, representatives of the Manager will answer questions from, and provide information to, Offerees and their professional advisors concerning the Company and the terms and conditions of the Offering and will, on request, make available additional information, to the extent the Company possesses such information or can acquire it without unreasonable effort or expense, which is necessary to verify the accuracy of the information contained in this Memorandum or which an Offeree or his professional advisors desire in evaluating the merits and risks of an investment in the Securities.

Prospective investors and their representatives and agents are specifically invited and encouraged to:

- examine all books and records of the Company;
- review the Operating Agreement (attached hereto as Exhibit B);
- ask questions of representatives of the Manager of the Company material to this investment;
- seek any other information from the Manager of the Company material to this investment which is in the possession or is reasonably available to the Manager.

Prospective investors should retain their own professional advisors to review and evaluate the economic, tax and other consequences of ownership of the Class A Units, and are not to construe the contents of this Memorandum, or any other information furnished by the Company, as investment, tax or legal advice.

**ACC005886**  
**FILE #8503**

#### Other Information Available

The following is currently available upon request:

1. Financial Forecast Statements, by month.
2. Specified Land Parcel, detailed information schedule.
3. Master Planning Schedule, sixteen land parcel forecast.
4. Land Parcel "nine-steps" Entitlement Period planner.
5. Advisory Agreement with USA BRA.
6. Additional information on Chanen Construction Company. Also see [www.Chanen.com](http://www.Chanen.com).

The following is available based on specific broker dealer request:

Third Party Due Diligence Report on (prepared based on Broker Dealer request; allow 45 days):

- i. USA Barcelona Realty Holding Company.
- ii. USA Barcelona Hotel Land Company I, LLC Offering.

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#### **XXI. HOW TO SUBSCRIBE**

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Any qualified Offeree who wishes to purchase Class A Units should proceed to **Section XXIV. INSTRUCTIONS FOR COMPLETING SUBSCRIPTION DOCUMENTS.**

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## XXII. DEFINED TERMS

"Accredited Investor" has the meaning given that term in Rule 501 of Regulation D, promulgated under the Act.

"Acquisition Fee" means a fee payable to USA Barcelona Realty Advisors equal to 4% of the gross purchase price (including any debt assumed or incurred in connection with the purchase of the Land Parcel) of each Land Parcel purchased by the Company.

"Act" means the United States Securities Act of 1933, as amended.

"Additional 5% Distribution" means a Distribution made after the 8% Priority Distribution that shall be made: (i) 100% to the Class A Units until the holders of Class A Units have received a cumulative additional 5% return on their Initial Capital Account; and thereafter, (ii) 100% to the Class B Units until the holders of Class B Units have received a cumulative 5% return on their Initial Capital Account. The Additional 5% Distribution is cumulative.

"Administration Agreement" means the agreement between USA BRA and the Company setting forth the terms by which USA BRA provides management services to the Company.

"Adjusted Capital Account" means the Initial Capital Account less Distributions received as Return Of Capital Distributions.

"ADR" means average daily rate of hotel rooms.

"Advisor(s)" means USA Barcelona Realty Advisors, LLC and USA BRA.

"Advisory Agreement" means the contract between the Company and USA BRA which delineates the duties of the Company and the Company's compensation arrangements with USA BRA.

"Advisory Termination Fee" means the fee due USA BRA upon termination of the Advisory Agreement.

"Affiliate" means (i) any Person directly or indirectly controlling, controlled by or under common control with another Person, (ii) any Person owning or controlling 10% or more of the outstanding voting securities of such other Person, (iii) any officer, director, partner of such Person, and (iv) if such other Person is an officer, director or partner, any Company for which such Person acts in any such capacity. For the purposes of this definition, "control" means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

"Agreement" means the Operating Agreement, by and among the Members and the Company, as it may be amended, modified or supplemented from time to time.

"Capital Account Credit" means an amount granted to USA Barcelona Realty Advisors by the Company for organization period work contributed to the Company, including the work included the formation of the Company and its subsidiary SLP LLCs, Land Parcel sourcing and related negotiations with land owners on behalf of the Company in its formation stage, negotiations with third party companies for various entitlement related services to be provided to the Company and other associated matters.

"Capital Contribution" means a contribution of money, property or services made by a Member to the Company.

"Catchup Distribution" means a Distribution made to make up any unpaid and accrued Cumulative Distributions from prior periods.

"Cause" means, with respect to any Manager, any of the following: (i) conviction of a felony or conviction of a misdemeanor which in the determination of the Members adversely affects the Company or the ability of the Manager to perform its duties hereunder; (ii) misappropriation of Company funds or other acts of dishonesty with respect to the Company; (iii) such Manager's breach of this Agreement in any material respect; (vi) the failure of such Manager to diligently, substantially and satisfactorily perform the Manager's duties under the Operating Agreement.

"Chanen" means Chanen Construction Company.

"Class A Units" means the 10,000 Class A Member Units of the Company being offered in the Offering.

"Class A Member" means a Member owning Class A Units.

"Class B Member" means a Member owning Class B Units, which initially shall be USA HHC, the Company's Manager, and USA Barcelona Realty Advisors, the Company's Advisor.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Company" means USA Barcelona Hotel Land Company I, LLC.

"Core Property" means a mature performing hotel property with a proven track record.

"Cumulative Distributions" means total Distributions made with respect to any Units are declared by the Company, the first payment of Distributions shall be those accrued from prior periods and due (i) to the Class A Members under the 8% Priority Distribution, and (ii) due to Class A Members and Class B Members under the 5% Additional Distribution. Such payments shall be paid in full prior to the payment of any other Distributions to any Member

"Distribution" means any payment of cash or other value made to a Member with respect to a Unit.

"8% Priority Distribution" in any period means a Distribution made after any Catchup Distributions, and shall be made: (i) 100% to the Class A Units until the holders of Class A Units have received a cumulative 8% annual return on their Initial Capital Accounts; and thereafter, (ii) 100% to the Class B Units until the holders of Class B Units have received a cumulative 8% return on their Initial Capital Account. The 8% Priority Distribution is Cumulative.

"Escrow" means a bank account at Alliance Bank of Arizona where all accepted Subscriber funds will be held until the Company accepts the Subscription, at which point the Escrow funds are released to the Company.

"Eligible Person(s)" has the meaning given that term in Section XII - Plan of Distribution.

"Entitle" and "Entitlement" means, for a Land Parcel, performing due diligence, coordinating planning and design, arranging financing, obtaining franchise approval and obtaining governmental approvals needed for the construction and operation of a hotel on a Land Parcel.

"Entitlement Completion Fee" means a payment due USA BRA from the Company based on four percent (4%) of the sales price or the assignment value of each Land Parcel.

"Entitlement Period" means the period from the date the Company contractually controls a Land Parcel to the date we declare it Shovel-Ready by obtaining the necessary building permits to construct a hotel.

"Entitlement Process" means the process through which we undertake the activities necessary to bring a Land Parcel to a point of being Shovel-Ready and ready for hotel construction. These activities include sourcing the site, performing due diligence, coordinating planning and design, arranging financing, obtaining franchise approval and achieving all necessary approvals to obtain a building permit to build a hotel.

"ERISA" means Employee Retirement Income Security Act.

"Executive Committee" means the Executive Members of the Company.

"Executive Members" currently mean Richard Harkins, George T. Simmons, Bruce Orr, and Robert J. Kerrigan.

"Face Amount" means \$1,000 per Class A Unit.

"Final Distribution" means the fourth Distribution and shall be made 90% to the Class A Units as a Class and 10% to the Class B Units as a Class.

"Final Distribution Option" means at the time the Company determines to make the Final Distribution, each Class A Member will have the following choices:

1. Accept a cash payment for the full amount of the Final Distribution,
2. Forego a cash payment for the Final Distribution in full and receive investment units in a New Build Affiliate that will be specified by the Company; or,
3. Split the Final Distribution amount into (i) a partial cash payment and (ii) the balance in units in the specified New Build Affiliate.

"FINRA" means the Financial Industry Regulatory Authority.

"Financial Forecast" and "Forecast" means the Company's forecast of business activities under its business plan as contained in Exhibit D.

"Fund(s)" means an entity designed to obtain equity capital through securities offerings, the proceeds of which will be used to develop and acquire, on a leveraged or unleveraged basis, hotels and other qualified real estate properties.

"Hotel Land Parcel Entitlement Program" means the program that the Company undertakes to contract to acquire Land Parcels and obtain the Entitlements which includes sourcing the site, performing due diligence, coordinating planning and design, arranging financing, obtaining franchise approval and achieving all necessary approvals to obtain a building permit to build a select service hotel.

"Initial Capital Account" means the purchase price paid for Units in cash, property or any Capital Account Credit.

"IPO" means initial public offering.

"IRA" means an individual retirement account that provides tax advantages for retirement savings in the United States.

"Land Parcel" means a vacant parcel of land that the Company will consider suitable for the construction of a select service hotel.

"Land Parcel Acquisition/Entitlement Completion Agreement" means that agreement that the Company will execute that states USA BRA will act as the Company's agent in connection with the acquisition and Entitlement of Land Parcels.

"Land Parcel Purchase Contract" means a contract between the Company and an owner of a Land Parcel setting forth the terms and conditions of purchase of the parcel of land by the Company.

"Liquidity Feature" means a feature that the Company intends to create to be funded by USA BRA receiving Class B Member Units in lieu of cash payment of the first \$500,000 of Land Parcel Entitlement Completion Fees which become due from the Company. Effective May 1, 2015, a Class A Member suffering a financial hardship may petition the Company to acquire its Class A Units. If the Parent Company's board of directors, in its sole discretion, determines that a hardship is genuine, and if the Liquidity Feature reserve is adequate, the Company will purchase up to \$50,000 of the Member's Class A Units at 92% of the Initial Capital Contribution paid for those Units. This Liquidity Feature would be limited to \$50,000 for any one Member, and \$500,000 in aggregate.

"LLC" means a limited liability company.

"Majority In Interest" means a simple majority of Units of a Class of Members in the Company.

"Manager" means USA Barcelona Hotel Holding Company, LLC or any other Person elected as a manager of the Company.

"Manager Managed" means a limited liability company that is managed by its' manager and not its' members.

"Maximum Investment Period" means the length of time starting with the Effective Date and ending with the month in which the last Land Parcel is sold.

"Members" mean all members of the Company, including the Class A Members and the Class B Members.

"Memorandum" means this Confidential Private Placement Offering Memorandum dated May 5, 2014.

"Modified Price" means a price per Class A Unit to be sold to an Eligible Person with reduced or no selling fees or commissions, where that provides net proceeds to the Company of not less than \$920 per Class A Unit.

"New Build Affiliate" means a single purpose limited liability company that acquires a Land Parcel Purchase Contract from the Company with the intent of constructing, owning and operating a hotel to be built on the Land Parcel.

"New Build Program" means a Company program where, following the Entitlement Process conducted by the Company, an Affiliate (in this case a New Build Affiliate) acquires a Land Parcel owned or controlled by the Company and proceeds to develop a hotel on the Land Parcel.

"Offeree" means a person to whom an Offering is made.

"Offering" means the offering of 10,000 Class A Units made by this Memorandum.

"Offering Period" means that period during which the Class A Units may be offered for sale which is up to and including March 31, 2015 plus an additional 180 days if so determined by the Company.

"Offering Price" means the price for one Class A Unit of \$1,000, as offered under the Offering.

"Offering Proceeds" means funds raised under the Offering.

"Operating Agreement" means the Operating Agreement for the Company.

"Parent Company" means USA Barcelona Realty Holding Company, LLC.

"Parent Company Plan" means the business plan of USA Barcelona Realty Holding Company, LLC., which incorporates the Company's Hotel Land Parcel Entitlement Program as Step 1 of its 4 Step plan.

"Person" means any individual and any legal entity, and their respective heirs, executors, administrators, legal representatives, successors, and assigns.

"PIG(s)" means passive income generator.

"Program Management Fee" means the fee USA BRA will receive from the Company to manage the Company's day-to-day operations.

"Purchaser(s)" mean subscribers who purchase Class A Units.

"Purchase Price" means \$1,000 per Class A Unit, or a lesser Modified Price (if sold to an Eligible Person) of not less than \$920 per Class A Unit.

"Qualified Land Parcel" means a Land Parcel under consideration for purchase by the Company that has passed the Company's initial due diligence process.

"Questionnaire And Subscription Agreement" means those documents contained in Exhibit A of the Memorandum.

"Refundable(s)" means certain Entitlement Period costs expended by the Company on a Land Parcel that are to be repaid to the Company by a New Build Affiliate at the time the New Build Affiliate acquires the Land Parcel from the Company (the New Build Affiliate may acquire the fee interest in a Land Parcel owned by a Company controlled SLP LLC or acquire, through assignment, the contractual interest the Company has in a Land Parcel).

"REIT" means a Real Estate Investment Trust.

"Return of Capital Distribution" means this Distribution shall be made: (i) 100% to the Class A Units until their Adjusted Capital Account balances are zero; and thereafter, to the Class B Units until their Adjusted Capital Account balances are zero.

"RevPAR" means revenue per available room for a hotel.

"Selling Agent" means any registered securities dealer or other person authorized under applicable laws to receive commissions or similar compensation relating to the offer and sale of Units.

"SLP LLC" and "Single Land Parcel LLC" means a limited liability company that is formed to contract to acquire one Land Parcel.

"Shovel-Ready" means a Land Parcel that received all required permit development and construction approvals, financing commitments and franchise commitment (as applicable) and is ready to enter the construction stage.

"Stabilization" means reaching an occupancy percentage that ceases to increase year over year.

"Subscriber" means a person who subscribes to acquire Class A Units offered under the Offering.

"Subscription(s)" and "Subscribed" means the event of a Subscriber submitting his Subscription Agreement to the Company.

"Subscription Agreement" and "Questionnaire and Subscription Agreement" means the agreement under which an investor Subscribes to acquire the Company's Class A Units.

"Unit" means a Unit of Class A Member interest or Class B Member interest in the Company, representing a stated increment of value of equity ownership of the Company.

"Unit holder" means a person who owns Class A Units or Class B Units.

"USA HLC-I" means the Company.

"USA HHC" and "'HHC" means USA Barcelona Hotel Holding Company, LLC.

"USA RHC" and "RHC" means USA Barcelona Realty Holding Company, LLC.

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### **XXIII. ADDITIONAL INFORMATION**

Prospective investors may review any materials available to the Manager relating to the Company, proposed Company operations, and any other relevant matters. You may examine all materials at the office of the Company during normal business hours after reasonable prior notice. You may ask questions and receive answers from Richard Harkins or Patrick McDonough concerning the terms and conditions of the Offering, and they will obtain any additional information to the extent that the Company possesses such information, or can acquire it without unreasonable effort or expense.

#### **Other Information Available**

The following is currently available upon request:

1. Financial Forecast Statements, by month.
2. Specified Land Parcel, detailed information schedule.
3. Master Planning Schedule, sixteen land parcel forecast.
4. Land Parcel "nine-steps" Entitlement Period planner.
5. Advisory Agreement with USA BRA.
6. Additional information on Chanen Construction Company. Also see [www.Chanen.com](http://www.Chanen.com).

The following is available based on specific broker dealer request:

Third Party Due Diligence Report on (prepared based on Broker Dealer request; allow 45 days):

- i. USA Barcelona Realty Holding Company.
- ii. USA Barcelona Hotel Land Company I, LLC Offering.

#### **To request specific additional information, please contact:**

**Investor Relations Department**

**Patrick McDonough**

USA Barcelona Realty Advisors, LLC

7025 North Scottsdale Road, Suite 160

Scottsdale, Arizona 85253

Phone: 480-625-3969 (for Offering information)

**ACC005893**  
**FILE #8503**

**EXHIBIT A - SUBSCRIPTION DOCUMENTS**

**INSTRUCTIONS FOR COMPLETING SUBSCRIPTION DOCUMENTS:**

**USA BARCELONA HOTEL LAND COMPANY I, LLC**

**10,000 Class A Units**

**Confidential Private Placement Memorandum dated May 5, 2014.**

**Minimum Purchase of 100 Class A Units at \$1,000 per Class A Unit (\$100,000)**

The following Subscription Documents are for the use of investors interested in subscribing for Class A Units of USA Barcelona Hotel Land Company I, LLC (the "Company"). Prospective investors should do all of the following:

**1. COMPLETE the Questionnaire and Subscription Agreement, as follows:**

\_\_\_\_ A. CHECK all appropriate categories in Section 1 on page S-3 under which you qualify as an Accredited Investor.

\_\_\_\_ B. COMPLETE Section 2, "Accredited Investor Verification" on page S-4, indicating the method you will use to verify your status as an Accredited Investor.

\_\_\_\_ C. COMPLETE all information on pages S-6 and S-7, including the total amount of Class A Units being purchased, and the Purchaser's name, address and social security or tax identification number as they should be reflected on the Company's records.

\_\_\_\_ D. INITIAL EACH PAGE of the Questionnaire and Subscription Agreement with the same instrument. Your initials reflect the fact that you have read and understand the Questionnaire and Subscription Agreement, particularly the Representations and Warranties in Paragraph 3.

\_\_\_\_ E. DATE and SIGN the Questionnaire and Subscription Agreement on page S-8. If Class A Units will be registered in joint ownership, such as husband and wife, both must sign.

**2. DELIVER all Subscription documents to:**

USA Barcelona Hotel Land Company I, LLC  
Attention: Investor Relations Department  
7025 N. Scottsdale Road, Suite 160  
Scottsdale, Arizona 85253

**3. PAYMENT must be made by bank wire.** Subscription proceeds will be placed in an escrow account at Alliance Bank of Arizona in Phoenix, Arizona until the Company accepts the Subscriber as a Class A Member. To avoid delays in the processing of your incoming wires, please include the following information:

Bank Name:	Alliance Bank of Arizona 2901 N. Central Avenue, Suite 100 Phoenix, AZ 85012
Bank Routing Number:	Contact Company for this Information (480) 625-4355
Account Name:	USA Barcelona Hotel Land Company I Escrow
Beneficiary Address:	7025 N. Scottsdale Road, Suite 160 Scottsdale, AZ 85253
Beneficiary Account Number:	Contact Company for this Information (480) 625-4355

**4. YOU WILL RECEIVE:** Upon acceptance of your Subscription by the Company, your escrowed funds will be distributed to the Company, and you will receive a copy of your accepted Questionnaire and Subscription Agreement which evidences your ownership of Class A Units subscribed for. We will issue certificates to you indicating your ownership of Class A Units purchased.

**ACC005894**  
**FILE #8503**

## Questionnaire and Subscription Agreement

### USA BARCELONA HOTEL LAND COMPANY I, L.L.C.

#### CLASS A UNITS

USA Barcelona Hotel Land Company I, L.L.C.  
7025 N. Scottsdale Road, Suite 160  
Scottsdale, Arizona 85253

Gentlemen:

You have informed the undersigned (the "Purchaser") that USA BARCELONA HOTEL LAND COMPANY I, L.L.C., an Arizona limited liability company (the "Company") wishes to raise up to Ten Million Dollars (\$10,000,000) from various persons such as me by selling 10,000,000 of its Class A Member Units ("Units") at a price of \$1,000 per Unit in an offering (the "Offering") which is designed to comply with Rule 506(c) of Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act").

I understand that one purpose of this Questionnaire and Subscription Agreement is to solicit certain information regarding the Purchaser's financial and business status to determine whether the Purchaser is an "Accredited Investor," as defined under applicable federal and state securities laws, and otherwise meets the suitability criteria established by the Company for the purchase of Units.

The Company will keep the answers to this Questionnaire and Subscription Agreement as confidential as possible. However, the Purchaser acknowledges that the Company will use this Questionnaire and Subscription Agreement, and other documents submitted, to verify and support a reasonable belief that the Purchaser is an Accredited Investor, and agrees that the Purchaser's answers may be shown to such persons as the Company deems appropriate to determine the Purchaser's status as an Accredited Investor, including the Securities and Exchange Commission and state securities boards and commissions.

I have received, read and understand the materials delivered to me relative to the Company and its business (the "Materials"). I further understand that my rights and responsibilities as a Purchaser will be governed by the terms of this Questionnaire and Subscription Agreement and the Articles of Organization and Operating Agreement for the Company (collectively, the "Company Documents"). I understand that you will rely on the following information to confirm that I am an "Accredited Investor" as defined in Regulation D, and that I am qualified to be a Purchaser.

**THE UNITS MAY BE OFFERED AND SOLD BY THE ISSUER ONLY TO ACCREDITED INVESTORS AS DEFINED IN THE SECURITIES ACT. THE UNITS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, THE ARIZONA CORPORATION COMMISSION, OR ANY OTHER SECURITIES COMMISSION, NOR HAVE THEY PASSED UPON THE MERITS OF OR OTHERWISE APPROVED THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

Initials

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This Questionnaire and Subscription is one of a number of such subscriptions for Units. By signing this Questionnaire and Subscription Agreement, I offer to purchase from the Company the principal amount of Units set forth below on the terms specified herein. The Company reserves the right, in its complete discretion, to reject any subscription offer. If my offer is accepted, the Company will execute a copy of this Questionnaire and Subscription Agreement and return it to me.

I. Accredited Investor. I am an Accredited Investor because I fall within one of the following categories:

Check one or more of the following:

- ☐ \$1,000,000 Net Worth  
A natural person, whose individual net worth or joint net worth with that person's spouse, exclusive of the value of personal residence, exceeds \$1,000,000.
- ☐ \$200,000/\$300,000 Income  
A natural person who had an individual income in excess of \$200,000 (including contributions to qualified employee benefit plans) or joint income with such person's spouse in excess of \$300,000 in each of the two most recent years and who reasonably expects to attain the same individual or joint levels of income (including such contributions) in the current year.
- ☐ Manager of the Issuer
- ☐ Any Manager or other executive of the Company
- ☐ All Equity Owners In Entity Are Accredited  
An entity (i.e. corporation, partnership, trust, IRA, etc.) in which all of the equity owners are Accredited Investors as defined herein.
- ☐ Corporation  
A corporation not formed for the specific purpose of acquiring the Units offered, with total assets in excess of \$5,000,000.
- ☐ Other Accredited Investor  
Any natural person or entity which qualifies as an Accredited Investor pursuant to Rule 501(a) of Regulation D promulgated under the Act; specify basis for qualification:

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2. Accredited Investor Verification-Natural Person.

\_\_\_ I am a natural person who is an Accredited Investor, and I submit the with this Questionnaire and Subscription Agreement the following information, which the Company may rely upon to verify that I am an Accredited Investor:

(a) \_\_\_ Income. I qualify as an accredited investor on the basis of income, and I have attached: (a) Internal Revenue Service forms reporting that my annual income for the two most recent years was greater than \$200,000 as an individual, or \$300,000 when combined with my spouse; and (b) my written representation I reasonably expect to reach that same income level during the current year.

(b) \_\_\_ Net Worth. I qualify as an accredited investor on the basis of net worth, and I have attached the following types of documentation dated within the prior three (3) months: (a) with respect to assets: bank statements, brokerage statements and other statements of securities holdings, certificates of deposit, tax assessments and appraisal reports issued by independent third parties; and (b) with respect to liabilities: a consumer report from at least one of the nationwide consumer reporting agencies; and (c) my written representation certifying that I have disclosed all liabilities necessary for the Company to make a determination that my net worth, or joint net worth with my spouse, exclusive of the value of my personal residence, is greater than \$1,000,000, which qualifies me as an accredited investor.

(c) \_\_\_ Third Party Verification. I have attached written confirmation from: (a) a registered broker-dealer, (b) an investment advisor registered with the Securities and Exchange Commission, (c) a licensed attorney in good standing under the laws of the jurisdictions in which such person is admitted to practice law, or (d) a certified public accountant who is duly registered and in good standing under the laws of such person's residence or principal office: which certifies that that third party has taken reasonable steps to verify my status as an Accredited Investor within the past three (3) months, and has determined that I am an Accredited Investor.

(d) \_\_\_ Investor in Prior Offering. I certify that I purchased securities as an Accredited Investor in a Rule 506 offering conducted by the Company prior to September 23, 2013, that I continue to hold such securities, and that I currently qualify as an Accredited Investor.

3. Representations and Warranties. I represent and warrant to the Company that:

(a) I (i) have adequate means of providing for my current needs and possible contingencies, and I have no need for liquidity of my investment in the Units, (ii) can bear the economic risk of losing the entire amount of my investment in Units, and (iii) have such knowledge and experience that I am capable of evaluating the relative risks and merits of this investment.

(b) The address set forth below is my correct residence, and I have no present intention of becoming a resident of any other state or jurisdiction.

(c) I have \_\_\_, or have not \_\_\_, utilized the services of a "Purchaser Representative" (as defined in Regulation D promulgated under the Securities Act).

(d) I have received and read, and am familiar with the Company's Offering Memorandum dated May 5, 2014 (the "Offering Memorandum"). All documents, records and books pertaining to the Company and the Units requested by me, including all pertinent records of the Company, financial and otherwise, have been made available or delivered to me.

(e) I have had an opportunity to ask questions of and receive answers from the Company's President and its other authorized representatives concerning the Company's affairs generally and the terms and conditions of my proposed investment in the Units.

(f) I understand the risks implicit in the business of the Company. Among other things, I understand that the Company was recently formed, has a limited history of operations, and there can be no assurance that the Company will be successful in obtaining adequate funds or establishing profitable operations. If any number of Units is sold, the Company will have immediate use of my funds, and proceeds of this Offering may not be sufficient for the Company's long-term needs.

\_\_\_\_\_  
Initials

(g) I further understand that the Company's sole business will be to act to purchase, entitle, and develop Land Parcels (as defined in the Offering Memorandum) for new hotels, and that the Company's business involves substantial risks, including those set forth under "Risk Factors" in the Offering Memorandum.

(h) Other than as set forth in the Offering Memorandum, no person or entity has made any representation or warranty whatsoever with respect to any matter or thing concerning the Company and this Offering, and I am purchasing the Units based solely upon my own investigation and evaluation.

(i) I understand that no Units have been registered under the Securities Act, nor have they been registered pursuant to the provisions of the securities or other laws of applicable jurisdictions. Unless my Units are registered under the Act, I may re-offer or resell my Units only to Accredited Investors or pursuant to an exemption from registration.

(j) The Units for which I subscribe are being acquired solely for my own account, for investment and are not being purchased with a view to or for their resale or distribution. In order to induce the Company to sell Units to me, the Company will have no obligation to recognize the ownership, beneficial or otherwise, of the Units by anyone but me.

(k) I am aware of the following:

(i) The Units are a speculative investment that involves a high degree of risk;

(ii) My interest in the Units is not readily transferable; it may not be possible for me to liquidate my investment;

(iii) No financial statements of the Company have been compiled, reviewed or audited by independent certified public accountants, but have merely been prepared by management of the Company; and

(iv) No federal or state agency has made any finding or determination as to the fairness of the Units for investment nor any recommendation or endorsement of the Units.

(l) Except as set forth in the Offering Memorandum, no person has ever represented, guaranteed, or warranted to me expressly or by implication, the approximate or exact length of time that I will be required to hold the Units.

(m) I agree to indemnify the Company, and hold the Company harmless from and against any and all liability, damage, cost or expense incurred on account of or arising out of:

(i) Any inaccuracy in the declarations, representations, and warranties set forth above;

(ii) Any disposition of any of the Units by me which is contrary to the foregoing declarations, representations and warranties; and

(iii) Any action, suit or proceeding based upon (A) the claim that such declarations, representations, or warranties were inaccurate or misleading or otherwise cause for obtaining damages or redress from the Company; or (B) the disposition of any of the Units.

The foregoing representations and warranties are true as of the date hereof, shall be true and accurate as of the date of the delivery of the funds to the Company and shall survive such delivery. If, in any respect, such representations and warranties are not true and accurate prior to delivery of the funds, I will give written notice of that fact to the Company, specifying which representations and warranties are not true and accurate and the reasons therefore.

4. Transferability. I understand that I may sell or otherwise transfer my Units only: (a) if registered under the Securities Act; or (b) with the favorable opinion of counsel to the Company to the effect that such sale or other transfer may be made in the absence of registration under the Securities Act. I have no right to cause the Company to register the Units. Any certificates or other documents representing my Units will be contain a restrictive legend reflecting this restriction as set forth in the bold legend on the first page of this Questionnaire and Subscription Agreement, and stop transfer instructions will apply to my Units.

Initials

5. Indemnification. I understand the meaning and legal consequences of the representations and warranties contained in Paragraph 3 above, and I will indemnify and hold harmless the Company, its officers, managers and representatives involved in the offer or sale of the Units to me, as well as each of the managers and representatives, employees and agents and other controlling persons of each of them, from and against any and all loss, damage or liability due to or arising out of a breach of any representation or warranty of mine contained in this Questionnaire and Subscription Agreement.

6. No Revocation. I will not cancel, terminate or revoke this Questionnaire and Subscription Agreement, and this Questionnaire and Subscription Agreement shall survive my death or disability.

7. Termination of Subscription Agreement. If this subscription is rejected by the Company, then this Questionnaire and Subscription Agreement shall be null and void, no party shall have any rights against any other party hereunder, and the Company shall promptly return to me the funds delivered with this Questionnaire and Subscription Agreement.

8. Miscellaneous.

(a) This Questionnaire and Subscription Agreement shall be governed by and construed in accordance with the substantive law of the State of Arizona.

(b) This Questionnaire and Subscription Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and may be amended only by a writing executed by all parties.

9. Ownership Information. Please print here the total principal amount of Units to be purchased, and the exact name(s) in which the Units will be registered:

TOTAL PRINCIPAL AMOUNT: \$ \_\_\_\_\_

TOTAL NUMBER OF CLASS A UNITS (\$1,000 PER UNIT): \_\_\_\_\_

NAME(S): 1) \_\_\_\_\_

2) \_\_\_\_\_

SOCIAL SECURITY #(S): 1) \_\_\_\_\_

2) \_\_\_\_\_

Ownership shall be taken in the Units as follows:

- \_\_\_\_\_ Single Person
- \_\_\_\_\_ Husband and Wife, as community property
- \_\_\_\_\_ Joint Tenants (with right of survivorship)
- \_\_\_\_\_ Tenants in Common
- \_\_\_\_\_ A Married Person as separate property
- \_\_\_\_\_ Corporation or Other Organization
- \_\_\_\_\_ A Partnership
- \_\_\_\_\_ Trust
- \_\_\_\_\_ IRA
- \_\_\_\_\_ Tax-Qualified Retirement Plan

\_\_\_\_\_  
Initials

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- (i) Trustee(s)/Custodian \_\_\_\_\_
- (ii) Trust Date \_\_\_\_\_
- (iii) Name of Trust \_\_\_\_\_
- (iv) For the benefit of \_\_\_\_\_
- (v) Other \_\_\_\_\_

\_\_\_\_\_  
(Please Explain)

RESIDENCE ADDRESS:

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City

\_\_\_\_\_  
State

\_\_\_\_\_  
Zip

MAILING ADDRESS: (Complete only if different from residence)

\_\_\_\_\_  
Street Address (If P.O. Box, include address for surface delivery if different than residence)

\_\_\_\_\_  
City

\_\_\_\_\_  
State

\_\_\_\_\_  
Zip

PHONE : Home: (\_\_\_\_) \_\_\_\_\_

Business: (\_\_\_\_) \_\_\_\_\_

Facsimile: (\_\_\_\_) \_\_\_\_\_

[Signatures on Following Page]

\_\_\_\_\_  
Initials

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**FILE #8503**

10. Date and Signatures.

Dated: \_\_\_\_\_, 201\_\_.

Purchaser Signatures:

Purchaser Name: (Print)

\_\_\_\_\_  
\_\_\_\_\_

(Each co-owner or joint owner must sign. Names must be signed exactly as listed under Purchaser Name)

For Company Use

ACCEPTED:

USA BARCELONA HOTEL LAND COMPANY I, L.L.C.

By: \_\_\_\_\_

Its: \_\_\_\_\_

DATED: \_\_\_\_\_, 201\_\_

## EXHIBIT B – OPERATING AGREEMENT

### OPERATING AGREEMENT OF USA BARCELONA HOTEL LAND COMPANY I, LLC

THIS OPERATING AGREEMENT (this "Agreement") is made and entered into effective as of January 15, 2014 (the "Effective Date"), by and among USA Barcelona Hotel Land Company I, LLC, an Arizona limited liability Company (the "Company" or "USA HLC-I"), those persons ("Person(s)") listed on Schedule 1 hereto, and each other Person who becomes a Member of the Company according to the terms of this Agreement and the Arizona Limited Liability Company Act (the "Act"), as the Members of the Company, and USA Barcelona Hotel Holding Company, LLC, as the Manager of the Company.

#### ARTICLE I FORMATION, NAME, PURPOSE

1.1 Formation. The Company was formed by filing its Articles of Organization (the "Articles") with the Arizona Corporation Commission under the Act on January 15, 2014. The Manager shall cause articles of amendment to the Articles to be filed with the Arizona Corporation Commission from time to time.

1.2 Intent. It is the intent of the Members that the Company shall always be operated in a manner consistent with its treatment as a "partnership" for federal and state income tax purposes. It is also the intent of the Members that the Company not be operated or treated as a "partnership" for purposes of Section 303 of the federal bankruptcy code. No Member shall take any action inconsistent with the express intent of the parties.

1.3 Name. The name of the Company is USA Barcelona Hotel Land Company I, LLC.

1.4 Known Place of Business. The known place of business of the Company shall be at 7025 North Scottsdale Road, Suite 160, Scottsdale, Arizona 85253. The known place of business may be changed to any other place within the State of Arizona at the discretion of the Manager.

1.5 Purpose.

(a) The Company is being formed to contract to acquire, through its Single Land Parcel LLC Affiliates ("SLP LLC(s)"), entitle land parcels, and sell or transfer entitled land parcels, and do all functions necessary or appropriate to carry out those activities. We intend to sell each entitled land parcel to an Affiliate entity that would construct, own and operate a hotel thereon that would be franchised by a leading brand franchise company, such as Marriott, Hilton, Hyatt or possibly others. The Company's SLP LLCs may be organized as Arizona limited liability companies or other types of entities.

(b) No Member acting in the Member's capacity as a Member or Manager, if applicable, shall have any authority to obligate the Company or any other Member, or to hold itself out as a Member or Manager of the Company, with respect to any transaction or activity other than those entered into or carried out within the scope and business purpose of the Company as provided in Section 1.5(a) above.

1.6 Term. This Company commenced upon the filing of its Articles with the Arizona Corporation Commission, and shall continue until such time as it shall be terminated under the provisions of Article X below.

1.7 Members. The name and address of each Member of this Company are set forth on Schedule 1 hereto, as such schedule may be amended from time to time pursuant to this Agreement.

1.8 Agent for Service of Process. The name and business address of the agent for service of legal process on the Company in Arizona is National Registered Agents Inc., 2390 E. Camelback Road, Phoenix, AZ 85016. The Company's agent for service of legal process may be changed at the discretion of the Manager.

1.9 Definitions. Capitalized words and phrases used but not defined in this Agreement shall have the meanings set forth in Appendix A, Defined Terms.

ARTICLE II  
CAPITALIZATION OF THE COMPANY; LOANS; FEES AND OTHER PAYMENTS DUE AFFILIATES

2.1 Issued Class A Units; Authorized.

(a) The Company is authorized to issue up to ten thousand (10,000) Class A Member Units ("Class A Units"), and one thousand one hundred eleven (1,111) Class B Member Units ("Class B Units"). The Manager has approved the issuance of the Class A Units and Class B Units ("Units") to the Members and in the amounts shown on Schedule 1, and the Company is authorized to issue additional Class A Member Units and Class B Units upon the approval of the Manager.

(b) Class A Units and Class B Units shall have the rights, preferences and privileges set forth herein. Furthermore, the Manager may adopt, from time to time, a resolution or resolutions providing for the issuance of additional Class A Units, in one or more classes, with such powers, designations, preferences, and privileges, and qualifications, limitations or restrictions thereof as shall be set forth in the resolution or resolutions adopted by the Manager. Schedule 1 shall be amended from time to time to reflect the addition of new Members and any adjustments of the membership interests.

2.2 Initial Capital Contributions.

(a) Each Class A Member has made the initial Capital Contributions ("Initial Capital Contribution(s)") to the Company set forth on Schedule 1. In exchange for each Class A Member's Initial Capital Contribution to the Company, such Class A Members were issued Class A Units in the amounts shown on Schedule 1, subject to adjustment as set forth in this Agreement.

(b) Each Class B Member was issued the Class B Member Units in the amounts shown on Schedule 1, subject to adjustment as set forth in this Agreement.

2.3 Additional Capital Contributions.

In the event the Company is authorized by the Members to raise additional capital through the sale of any new class of Member Unit ("New Issue Unit"), existing Class A Members and Class B Members shall have the first opportunity to acquire such number of New Issue Units that will result in their economic interest in the Company remaining the same after all New Issue Units are sold as was their economic interest before the New Issue was sold.

2.4 Credits to Capital Accounts.

(a) Capital Accounts. An individual Capital Account will be established and maintained for each Member on the books of the Company.

(b) Organization Services. USA Barcelona Realty Advisors LLC ("USA BRA") shall have credited to its Class B Member Capital Account the amount of \$500,000 for services rendered to the Company pertaining to the organization of the Company.

(c) Other Authorized Payments And Fees. The Advisor may elect to have amounts due to it under agreements between USA BRA and the Company, other than credits to its Capital Account under Section 2.4(b) above, classified as Member loans ("Member Loans").

2.5 Manager Loans. If the Manager determines that the business of the Company requires funds, in addition to the capital contributed by the Members, the Company may borrow money from the Manager, and the Manager may make one or more loans to the Company to enable the Company to meet its obligations ("Manager Loans"). The Company shall repay Manager Loans from the net cash flow ("Net Cash Flow") of the Company as otherwise allowed under this Agreement. Manager Loans shall be repaid in chronological order of their respective origination dates beginning with the earliest origination date. The Manager Loans will bear an annualized 10% rate of interest.

2.6 Withdrawal or Return of Capital Contributions. Except as otherwise expressly provided for in this Agreement: a) no part of the Capital Contributions of any Member may be withdrawn except as otherwise approved in writing by all non-defaulting Members ("Non-Defaulting Member"), b) Class A Members will have the opportunity to either take the Distributions from the Company as they occur or forego one or more Distributions in exchange for investment units in a SLP LLC, and c) otherwise, no Member shall be entitled to demand or to receive property other than cash in return for its Capital Contributions to the Company.

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2.7 No Interest Earned on Company Capital. Interest earned on Company funds shall inure to the benefit of the Company, and no Member shall be entitled to receive interest on funds contributed as a Capital Contribution.

2.8 Provisions Not for Benefit of Creditors. The foregoing provisions of this Article II are not intended to be for the benefit of any creditor or other Person, and no such creditor or other Person shall obtain any right under any such foregoing provision against the Company or any Members by reason of any debt, liability or obligation or otherwise.

### ARTICLE III ALLOCATIONS

3.1 Allocation of Net Income and Net Loss. After giving effect to the allocations set forth in Section 3.2, Net Income and Net Loss shall be allocated as follows:

(a) Net Income. Net Income for the fiscal year ("Fiscal Year") shall be allocated in the following order and priority:

(1) First, to the Members until the aggregate Net Income allocated pursuant to this Section 3.1(a)(1) for all Fiscal Years equals the aggregate Net Loss allocated (in the same amounts, but in reverse order) to the Members pursuant to Section 3.1(b)(1) and Section 3.1(b)(2).

(2) Second, to the Members according to their Capital Accounts.

(b) Net Loss. Net Loss for the Fiscal Year shall be allocated in the following order and priority:

(1) First, to the Members until the aggregate Net Loss allocated pursuant to this Section 3.1(b)(1) for all Fiscal Years equals the aggregate Net Income allocated to the Members pursuant to Section 3.1(a) in the same amounts but in the reverse order of priority.

(2) Second, to the Members according to their Capital Accounts.

#### 3.2 Tax Allocation Provisions:

(a) Allocations of Certain Tax Items. If any asset contributed to the Company is subject to the provisions of Code §704(c), the Members' distributive shares of income, gain, loss and deduction as computed for federal income tax purposes with respect to such asset shall be determined in accordance with Code §704(c) by reference to the Members' distributive shares of the corresponding book items with respect to such asset, as determined under this Article III, Code §704(b) and Regulations §1.704-1(b)(1)(vi). If Code §704(c) is not applicable, depreciation, amortization or other cost recovery and gain or loss as computed for federal income tax purposes, with respect to any Company Asset ("Company Asset") which has an Agreed Value ("Agreed Value") greater or lesser than its adjusted tax basis, shall be allocated among the Members in a manner that takes into account the variation between the adjusted tax basis and the Agreed Value of such asset in the same manner as variations between the adjusted tax basis and fair market value ("Fair Market Value") of property contributed to the Company are taken into account in determining the Members' share of tax items under Code §704(c), as required by Regulations §1.704-1(b)(2)(iv)(f)(4) and Regulations §1.704-1(b)(4)(i).

(b) Nonrecourse Deductions: Minimum Gain Charge-back:

(1) Allocation of Nonrecourse Deductions. Nonrecourse Deductions ("Nonrecourse Deductions") for any Fiscal Year or other period shall be specially allocated to the Members in the same proportion that Net Income and Net Loss are allocated to them.

(2) Allocation of Members Nonrecourse Deduction. Members Nonrecourse Deductions shall be allocated to the Members to whom the Members Nonrecourse Debt ("Members Nonrecourse Debt") is attributable in accordance with Regulations §1.704-2, and any loss or deduction attributable to such Members Nonrecourse Debt shall not be treated as a Nonrecourse Deduction under provisions of this Agreement.

(3) Minimum Gain Chargeback. Notwithstanding anything herein to the contrary, if in any Fiscal Year there is a net decrease in Company Minimum Gain ("Company Minimum Gain") for such year and, if necessary, for subsequent years, each Member shall be allocated in accordance with Regulations §1.704-2(f), items of Company income and gain, as computed by reference to the adjusted Agreed Values of Company Assets for such year and, if necessary, for subsequent years, in proportion to, and to the extent of, that Member's share of the net decrease in the Company Minimum Gain within the meaning of Regulations §1.704-2(g)(2). If Members Nonrecourse Deductions have been allocated to a Member

pursuant to Section 3.2(b)(2), Members Nonrecourse Debt Minimum Gain shall be charged back to such Member having a share of Members Nonrecourse Debt Minimum Gain ("Members Nonrecourse Debt Minimum Gain") in accordance with Regulations §1.704-2(i)(4) in any Fiscal Year and, if necessary, subsequent years, in which there has been a net decrease in Members Nonrecourse Debt Minimum Gain.

This Section 3.2(b) is intended to comply with the Minimum Gain chargeback requirement of Regulations §1.704-2(f) and (i)(4) and shall be interpreted in a manner consistent with such Treasury Regulations.

(c) Gross Income Allocation. In the event any Member has a deficit Capital Account at the end of any Fiscal Year that is in excess of the sum of (i) the amount such Member is obligated to restore pursuant to any provision of this Agreement, and (ii) the amount such Member is deemed to be obligated to restore pursuant to the penultimate sentences of Sections 1.704-2(g)(1) and 1.704-2(i)(5) of the Regulations, such Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 3.2(c) shall be made only if and to the extent that such Member would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Section 3.2 have been tentatively made as if this Section 3.2(c) were not in the Agreement.

(d) Curative Allocations:

(1) The "Regulatory Allocations" consist of the "Basic Regulatory Allocations," as defined in Section 3.2(d)(2) hereof and the "Nonrecourse Regulatory Allocations," as defined in Section 3.2(d)(3) hereof.

(2) The "Basic Regulatory Allocations" consist of the allocations pursuant to this Section 3.2(d)(2). Notwithstanding any other provision of this Agreement other than these Regulatory Allocations, the Basic Regulatory Allocations shall be taken into account in allocating items of income, gain, loss and deduction among the Members so that, to the extent possible, the net amount of such allocations of other items and the Basic Regulatory Allocations to the Members shall be equal to the net amount that would have been allocated to each such Members if the Basic Regulatory Allocations had not occurred.

(3) The "Nonrecourse Regulatory Allocations" consist of all allocations pursuant to this Section 3.2(d)(3). Notwithstanding any other provision of this Agreement, other than these Regulatory Allocations, the Nonrecourse Regulatory Allocations shall be taken into account in allocating items of income, gain, loss and deduction among the Members so that, to the extent possible, the net amount of such allocations of other items and the Nonrecourse Regulatory Allocations to the Members shall be equal to the net amount that would have been allocated to the Members if the Nonrecourse Regulatory Allocations had not occurred. For purposes of applying the foregoing sentence: (a) no allocations pursuant to this Section 3.2(d)(3) shall be made prior to the Fiscal Year during which there is a net decrease in Company Minimum Gain, and then only to the extent necessary to avoid any potential economic distortions caused by such net decrease in Company Minimum Gain, and (b) allocations pursuant to this Section 3.2(d)(3) shall be deferred with respect to allocations pursuant to Section 3.1(b)(1) hereof to the extent the President reasonably determines that such allocations are likely to be offset by subsequent allocations pursuant to Section 3.2(b)(3) of this Agreement.

(4) The Manager shall have reasonable discretion, with respect to each Fiscal Year, to: (a) apply the provisions of Section 3.2(d)(2) and Section 3.2(d)(3) hereof in whatever order is likely to minimize the economic distortions that might otherwise result from the Regulatory Allocations; and (b) divide all allocations pursuant to Section 3.2(d)(2) and Section 3.2(d)(3) hereof among the Members in a manner that is likely to minimize such economic distortions.

(5) In any Fiscal Year that the Company has a net decrease in Company Minimum Gain, if the Minimum Gain chargeback requirement under Section 3.2(b)(3) hereof would cause a distortion in the economic arrangement among the Members, and it is not expected that there will be a sufficient amount of other Company income to correct that distortion, the Company shall apply, pursuant to Regulations §1.704-2(f)(4), to the Internal Revenue Service for a waiver of the Minimum Gain chargeback requirement under Regulations §1.704-2(f)(1).

## ARTICLE IV DISTRIBUTIONS

4.1 Distribution of Net Cash Flow. Except as otherwise provided in Article IV, commencing in the second quarter of 2015, as soon as practicable after the end of each quarter of the Fiscal Year, and, as to year-end distributions, in no event later than ninety (90) days after the end of each Fiscal Year, the Company shall make Distributions as determined by the Manager in the following order of priority:

(a) If at any time all accrued Cumulative Distributions from prior periods have not been made, the first distribution shall be the "Catchup Distribution"; however, no Catchup Distributions shall be made if all accrued Cumulative Distributions from prior periods have been made. Any Catchup Distributions must be made: (i) first, 100% to the Class A Units until they have received all accrued Cumulative Distributions due from prior periods; and thereafter, (ii) 100% to the Class B Units until they have received all accrued Cumulative Distributions due from prior periods.

(b) If no Catchup Distributions are due, the first distribution shall be the "8% Priority Distribution", and shall be made: (i) 100% to the Class A Units until the holders of Class A Units have received a cumulative 8% return on their Initial Capital Account; and thereafter, (ii) 100% to the Class B Units until the holders of Class B Units have received a cumulative 8% return on their Initial Capital Account. The 8% Priority Distribution is Cumulative; thereafter,

(c) The second distribution shall be the "Additional 5% Distribution", and shall be made: (i) 100% to the Class A Units until the holders of Class A Units have received a cumulative additional 5% return on their Initial Capital Account; and thereafter, (ii) 100% to the Class B Units until the holders of Class B Units have received a cumulative 5% return on their Initial Capital Account. The Additional 5% Distribution is Cumulative; thereafter,

(d) The third Distribution shall be the "Return of Capital Distribution", and shall be made: (i) 100% to the Class A Units until their Adjusted Capital Account balances are zero; and thereafter, to the Class B Units until their Adjusted Capital Account balances are zero; and thereafter,

(e) The fourth distribution shall be the "Final Distribution" and shall be made 90% to the Class A Units as a Class and 10% to the Class B Units as a Class.

In any period in which a Distribution is made, for the purpose of calculating the amount of Distribution due to each Unit holder, the "8% Priority Distribution" and the "Additional 5% Distribution" shall be made based on the Unit holder's Initial Capital Account Balance until such time as the Unit holder's Capital Account is reduced to zero as a result of reductions created by Return Of Capital Distributions. The 8% Priority Distribution and the 5% Additional Distribution shall be eliminated following the Unit holder's Capital Account being reduced to zero.

### 4.2 Establishment of Initial Capital Accounts

(a) Each Class A Member's capital account ("Capital Account") is initially established in the amount of the purchase price paid for the Class A Units. We refer to that amount as the "Initial Capital Account".

(b) Each Class B Member's Capital Account is initially established in the amount of the purchase price paid for the Class B Units plus any applicable Capital Account Credits granted by the Company for amounts due for organization period work. USA BRA. Our Advisor, shall make an initial capital contribution of \$1,000. Additionally, USA BRA has been granted a \$500,000 Capital Account Credit for work it has contributed to the Company for organizational period services which resulted in the formation of the Company and its subsidiary SLP LLCs, Land Parcel sourcing and related negotiations with land owners on behalf of the Company in its formation stage, negotiations with third party companies for various entitlement related services to be provided to the Company and other associated matters. Accordingly, on the Effective Date, USA BRA's Class B Member Capital Account will be credited in the amount of \$500,000. USA BRA may receive additional Class B Member Capital Account Credits if it waives fees due it from the Company.

#### 4.3 Capital Account Adjustments for the purpose of computing Distributions

(a) For the purpose of computing Distribution amounts due to the Class A Units (including the Class A Units and the Class B Units), each Member's capital account shall be reduced by Distributions received as Return Of Capital Distributions.

(b) In any period in which a Distribution is made, for the purpose of calculating the amount of Distribution due to each Unit holder, the "8% Priority Distribution" and the "Additional 5% Distribution" shall be made based on the Unit holder's Initial Capital Account Balance until such time as the Unit holder's Capital Account is reduced to zero as a result of reductions created by Return Of Capital Distributions. The 8% Priority Distribution, the 5% Additional Distribution and the Return Of Capital Distribution shall be eliminated following the Unit holder's Capital Account being reduced to zero.

(c) Cumulative Distributions ("Cumulative Distributions") means in any period in which Distributions are declared by the Company, the first payment of Distributions shall be those accrued from prior periods and (i) due to the Class A Members and Class B Members under the 8% Priority Distribution, and (ii) due to Class A Members and Class B Members under the 5% Additional Distribution. Such payments shall be classified as Catch-up Distribution payments and shall be paid in full prior to the payment of any other Distributions to any Member. Unpaid Catch-up Distribution amounts due from prior periods and the current period, shall accrue and accumulate as Cumulative Distributions and are payable as Catch-up Distribution payments in the next period in which the Company declares and pays Distributions.

4.4 Income Tax Advances. The Company will advance to each Member, to the extent of available cash and without borrowing additional funds, an amount equal to the federal and state income taxes that would be payable by such Member as a result of the recognition of Company income by such Member, to the extent such Member has not received distributions pursuant to Section 4.1 for any taxable year sufficient to pay such income taxes. All advances pursuant to this Section 4.2 will be loans from the Company to the Member receiving such advances, will bear interest at the annual rate of twelve percent (12%), and will be repaid out of the next available distributions to such Member pursuant to Section 4.1.

### ARTICLE V RIGHTS AND OBLIGATIONS OF MEMBERS

5.1 Limitation of Liability for Company Obligations. Except as otherwise provided in the Act, no Member shall be personally liable for the debts, obligations and liabilities of the Company whether arising in contract or tort, under a judgment, decree or order of a court or otherwise.

5.2 Authority of Members. No Member shall take part in the control of management of the Company's business except to the extent of the rights and powers of a Member provided under this Agreement. Unless a Member is a Manager, or is delegated the authority of an Proper Officer as set forth in Section 6.3, no Member, agent or employee of the Company shall have any power or authority to bind the Company in any way, to pledge its credit, or to render it liable for any purposes.

#### 5.3 Meetings and Minutes.

(a) Call and Place. Meetings of the Members, or a specific class of Member, for any purpose or purposes, may be called by either a majority-in-interest ("Majority-In-Interest") of a class of Member or the Manager by giving written notice to the Members, or a specific class of Member, in the manner provided in Section 5.3(b). Meetings may be held at any place within or without the State of Arizona as determined by the Manager. The Members may participate in a meeting of the Members by means of conference telephone or similar communications equipment, by means of which all persons participating in the meeting can hear one another, and such participation will constitute presence in person at the meeting.

(b) Notice. Notice of a meeting of the Members, unless waived by attendance at the meeting or by written consent, must be given by written notice at least fourteen (14) days before the date of the meeting, or hand delivered, emailed or sent by facsimile at least ten (10) days before the date of the meeting. Such notice must state the purpose of the meeting and the matters to be acted upon.

(c) Waiver of Notice. Attendance of a Member at a meeting constitutes waiver of notice of the meeting; provided, however, that no such waiver will occur if the Member objects at the beginning of the meeting because the meeting is not lawfully called or convened; and provided further, that attendance at a meeting is not a waiver of any right to object to the consideration of any matters required to be included in the notice of the meeting, but not so included, if the objection is expressly made at the meeting.

(d) Quorum. The presence of a Majority-In-Interest of Members, represented in person or by proxy, will constitute a quorum at a meeting of the Members.

(e) Voting. Class A Members and Class B Members voting rights are limited to the following:

(1) The Class A Members shall each be entitled to cast one vote on any proposed action by the Company that if implemented would materially diminish the Class A Members' economic rights. A vote of the Majority-In-Interest of the Class A Members is required for any such approval.

(2) The Class B Members shall each be entitled to cast one vote on any proposed action by the Company that if implemented would materially diminish the Class B Members economic rights. A vote of the Majority-In-Interest of the Class B Members is required for any such approval.

As a result of the limited voting rights of Class A Members and Class B Members, the Manager has control of the Company through its exclusive right to approve all Major Decisions (as defined in Section 6.4 below).

(f) Majority Vote Required for Action. Other than as stipulated in 5.5(e), there are no matters on which the Class A Members and Class B Members have a right to vote.

(g) Conduct. At any meeting of the Members, the Manager may adopt such rules for the conduct of the meeting as they deem appropriate.

5.6 Action Without a Meeting. Any action that may be taken at a meeting of the Members, requiring a vote of a class of Members entitled to vote thereon, may be taken without a meeting if a Majority-In-Interest so agree in writing, and a consent in writing setting forth the action so taken is signed by a Majority-In-Interest of the class of Members entitled to vote thereon. Any action that may be taken at a meeting of the Members requiring a vote of the Members may be taken without a meeting if all of the Members so agree in writing, and a consent in writing setting forth the action so taken is signed by all of the Members.

5.7 No Delay. Each Member agrees not to unreasonably delay its response to any action or decisions proposed by the other Members, requiring approval by a Majority-In-Interest, and each Member agrees to make itself available at reasonable times and on reasonable notice.

5.8 Restrictions on Withdrawal. No Member may withdraw from the Company unless such withdrawal is approved in the same manner as a permitted transfer of a membership interest in accordance with the provisions of Section 9.2(a). Any Member withdrawing in violation of this provision shall be treated in the same manner as a Defaulting Member and be immediately expelled in accordance with Section 7.7. The occurrence of a withdrawal event with respect to a Member shall not result in the dissolution of the Company, and the Manager and remaining Members shall have the right to continue the Company.

## ARTICLE VI MANAGEMENT

6.1 Management of the Company. Subject to the approval requirements for Major Decisions, the right, authority and duty to manage, control and conduct the business and affairs of the Company shall be vested in the President, and in such other Proper Officers who may be named by the Manager. The President, and such other Persons to whom such authority and duties are delegated, are sometimes referred to in this Agreement as "Proper Officers". The Proper Officers, in connection with the management of the Company's business, shall have any and all rights and powers of a manager under the Act, all of the rights and powers which are necessary for or convenient or incidental to the accomplishment of the Company's purpose and the conduct of the Company's business. Unless otherwise provided in this Agreement, all actions, approvals and other authorizations of the Manager may be undertaken only by Proper Officers elected by the Manager. The Manager will have sole authority to manage, control and conduct the business and affairs of the Company, as provided in this Article VI.

6.2 Removal of the Manager. The Manager may be removed with cause ("Cause") at any time upon vote of a Majority-in-Interest of the Class A Members. Cause means with respect to any Manager any of the following: (i) conviction of a felony or conviction of a misdemeanor which in the determination of the Members adversely affects the Company or the ability of the Manager to perform its duties hereunder; (ii) misappropriation of corporate funds or other acts of dishonesty with respect to the Company; (iii) such Manager's breach of this Agreement in any material respect; (vi) the failure of such Manager to diligently, substantially and satisfactorily perform the Manager's duties under the Operating Agreement.

6.3 Proper Officers. The Manager may, from time to time, delegate to one or more Persons (including any Proper Officer of the Company and including through the creation and establishment of committees) such authority and duties as the Manager may deem advisable. In addition, the Manager may assign titles and delegate certain authority and duties to Persons as further described below. The salaries or compensation, if any, of the Proper Officers of the Company shall be fixed from time to time by the Manager. Any delegation pursuant to this Section 6.3 may be revoked at any time by the Manager. The Manager hereby names Richard C. Harkins as the initial President. The President, and such other Proper Officers as the Manager may elect from time to time, shall have the following authority and duties as Proper Officers of the Company:

(a) The President shall oversee the day-to-day activities of the Company, make all decisions other than Major Decisions or other decisions that have been delegated to other Proper Officers, and carry out Major Decisions which are made by the Manager. The President shall devote such part of his time to the Company business as is reasonably and prudently necessary for the conduct of such business, affairs and purpose; provided, however, that it is expressly understood and agreed that neither the President nor any other Proper Officer shall be required to devote his or her entire time or attention to the business, affairs and purpose of the Company.

(b) Each Proper Officer shall in good faith, but at the sole cost and expense of the Company, use the Proper Officer's best efforts to implement or cause to be implemented and to conduct or cause to be conducted the ordinary and usual business, affairs and purpose of the Company in accordance with and as limited by this Agreement, including, but not limited to, the matters described below. Each Proper Officer, in carrying on such activity, shall have all rights and powers generally conferred by law or which are necessary, advisable or consistent in connection therewith, and, in such capacity, shall have the specific rights and powers set forth below. In addition to any other rights and powers which any Proper Officer may possess, he or she shall have all specific rights and powers required for or appropriate to the management of the Company's business, affairs and purpose which, by way of illustration but not by way of limitation, shall include (subject to the limitations set forth elsewhere in this Agreement) the following rights and powers:

- (1) Protect and preserve the titles and interest of the Company Assets;
- (2) Pay all taxes, assessments, and other impositions applicable to the Company Assets;
- (3) Endeavor to enforce by all reasonable means the obligations of any third parties to the Company;
- (4) Keep all books of accounts and other records of the Company;
- (5) Pay all debts and other obligations of the Company;
- (6) Maintain all funds of the Company held or controlled by the Members in a Company account or accounts in a bank or banks determined by the President;
- (7) Make distributions periodically to the Members in accordance with the provisions of this Agreement;
- (8) Insure or cause the Company Assets and the Company to be insured in such amounts and against such risks as the President may approve;
- (9) Perform other normal business functions and otherwise operate and manage the Company's interest in Company Assets and the business, affairs and purpose of the Company in accordance with and as authorized or limited by this Agreement;
- (10) Perform other obligations provided elsewhere in this Agreement to be performed by the President;
- (11) Enter into and execute agreements and related documents in connection with the Company's assets;
- (12) Employ attorneys, accountants, and other professionals and consultants on behalf of the Company;
- (13) Pay, collect, compromise, arbitrate, resort to legal action for or otherwise adjust claims or demands of or against the Company;
- (14) Establish, from income derived from the Company's operations, such reserves as the Proper Officers, in their reasonable discretion, shall deem reasonably necessary to meet anticipated Company expenses; and

(15) Enter into and execute such additional agreements or other documents on behalf of the Company as the Proper Officers reasonably deem necessary to effectuate the foregoing.

6.4 Major Decisions. Notwithstanding any other provision hereof, no Proper Officer acting pursuant to the authority delegated to him in Section 6.3, shall take any action or incur any obligation binding on the Company within the scope of any of the following actions (the "Major Decisions") unless such action is expressly authorized elsewhere in this Agreement or until the Major Decision has the approval of the Manager. The Major Decisions include:

- (a) Create, incur, assume, refinance, extend, modify, amend or otherwise become liable with respect to any obligation for borrowed money (including without limitation guarantees of the indebtedness or other obligations of any Person or of any Affiliate of the Company), issue any bonds, debentures, notes or other evidences of indebtedness, in any transaction or series of transactions;
- (b) Pledge, mortgage, hypothecate or otherwise encumber any of the Company Assets, other than as security for loans permitted by this Agreement;
- (c) Develop or Acquire any real property;
- (d) Cause the Company to enter into or amend any agreement between the Company and any Member or any Affiliate of a Member;
- (e) Amend in any material respect, or waive any material rights in, any agreement the entering into of which was a Major Decision;
- (f) Dissolve or wind up the Company except as otherwise provided in this Agreement or authorize any act that would make it impossible to carry on the ordinary business of the Company;
- (g) Engage in business combination transactions, including any merger, or enter into any joint venture, partnership or limited liability Company, corporation, trust or other entity with any Person;
- (h) Extend the term of the Company;
- (i) Consent to, or file for any bankruptcy, custodianship, receivership or trusteeship of the Company;
- (j) Make any distributions of property in kind by the Company or accept any contributions by any Company of property other than cash;
- (k) Admit any other Members to the Company except as otherwise provided herein or redeem membership interests;
- (l) Determine any Agreed Value;
- (m) Authorize any Additional Capital Contributions;
- (n) Adopt or modify each budget hereafter approved by the Members;
- (o) Incur any liability or obligation not contemplated in a Budget except de minimis amounts incurred in the ordinary course of business;
- (p) Cause the Company to (A) fail to be taxable as a partnership for federal income tax purposes, including, without limitation, causing the Company to file an election with the Internal Revenue Service on Form 8832 (or any successor form) electing, pursuant to Treasury Regulations Section 301.7701-3, to have the Company treated as a corporation for federal income tax purposes, or (B) take a position inconsistent with such treatment except as required by law;
- (q) Cause the Company to settle any lawsuit that materially affects the ability of the Company to carry on its business as contemplated by this Agreement;
- (r) Enter into any transaction with a Member of the Manager or Affiliate of a Member of the Manager at a cost to the Company of \$50,000 or more; and
- (s) Authorize the increase of Class A Units in any class of Units or the creation of an additional class of membership interests.

At the time the President requests approval of any Major Decision, the President shall furnish to the Manager such information as is reasonably necessary for the Manager to make an informed decision to approve or disapprove the particular Major Decision in writing in a prompt and timely manner and not exceeding five (5) business days. Failure to approve or

disapprove a Major Decision in writing within such five (5) day period shall constitute an irrevocable approval of such Major Decision.

6.5 Other Business Ventures. The Members agree that none of the Members of the Manager shall be in violation of the duty of loyalty to the Company if he or she engages in or possesses an interest in any other business venture of any nature and description, independently or with others, whether such ventures are competitive with the Company or otherwise. The Members further agree that neither the Company nor the Manager shall have any right by virtue of this Agreement in or to such independent ventures or to the income or profits derived therefrom.

6.6 Managers' Duty of Care. The Manager shall discharge his or her duties in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances and in a manner the Manager reasonably believes to be in the best interests of the Company. The Manager shall cause the Company to conduct its business, operations and affairs separately from those of the Manager or any of its respective Affiliates.

6.7 Liabilities of the Manager.

(a) No Manager shall be liable, responsible, or accountable in damages or otherwise to any other Member for any act done or omitted by such Manager, within the scope of the authority conferred on such Manager by this Agreement or by law, except for acts of active negligence, fraud, or breach of the fiduciary duty of the Manager.

(b) The Company shall indemnify, defend and hold harmless the Manager for, from and against all loss, damages, liabilities and expenses (including, without limitation, attorneys' fees and court costs and expert witness fees) incurred by the Manager, whether individually or jointly, arising out of acts or omissions committed or alleged to have been committed while acting as the Manager for or on behalf of the Company; provided that with regard to the act or omission involved, the Manager's actions, or failure or refusal to act were not fraudulent or actively negligent or in breach of the Manager's fiduciary duty to the Company. Any indemnification extended pursuant to this Section 6.7 shall be paid from, and limited to, the assets of the Company, and no Manager shall have any personal liability on account thereof.

6.8 Indemnification of Agents. The Company shall indemnify, defend and hold harmless against any liability, claim, action, damage or expense (including, attorney's fees, costs of court and expert witness fees) any Person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (including arbitration) by reason of the fact that he is or was a Member, Proper Officer, Manager or advisor to the Manager, deemed manager, or managing agent of the Company or is now serving or has served, at the request of the Company, as Manager, director, Proper Officer, employee or other agent of the Company or another limited liability company, corporation, partnership, joint venture, trust or other enterprise (all such Persons being referred to herein after as an "agent"), such indemnity to be extended to the fullest extent permitted by applicable law; provided that no indemnity shall be extended to any Member, employee or agent of the Company who has engaged in any intentional or willful wrong doing or fraud, or breach of this Agreement. The Manager shall be authorized, on behalf of the Company, to enter into indemnity agreements from time to time with any Person entitled to be indemnified by the Company hereunder, upon such terms and conditions as the Manager adopts.

6.9 Actions of the Manager. The Manager may act through meetings, written consents, committees or any other Person or Persons to whom authority and duties have been delegated by the Manager.

6.10 Resignation. The Manager may resign at any time by giving at least thirty (30) days written notice to the Members pursuant to Section 13.1. The resignation of the Manager shall take effect thirty (30) days after the receipt of notice thereof or at such other time as may be agreed to between the Manager and the Members; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Such resignation shall not affect the Manager's rights and liabilities as a Member.

6.11 List of Members. Upon written request of any Member, the Manager shall promptly provide a list showing the names, last known addresses and Interests of all Members.

6.12 Meetings. The Manager shall not be required to hold regular meetings but shall hold meetings as required to provide guidance to the Proper Officers and to make Major Decisions. Meetings may be held at the principal office of the Company or at other mutually agreed places. Any Manager may call a special meeting upon three (3) days' notice to the other Members. However, in case of emergency, reasonable notice of a special meeting shall suffice.

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(a) Quorum. There shall be a quorum of the Members if a majority of the Members are present, in person or by proxy. However, if at the date, time and place stipulated in the notice of a meeting of the Members a quorum is not present, such meeting shall be deemed to have been called for the fifth (5<sup>th</sup>) business day following such date and at the same time and place. Each notice of a meeting of the Members shall include an itemized agenda prepared by the Manager calling the meeting.

(b) Minutes. The Members shall prepare minutes of all meetings of the Members and shall distribute copies of such minutes to all Members within five (5) days after the meeting. The minutes shall be the official record of the decisions made by the Manager. The Members acknowledge that personnel employed by the Company may be required to attend a meeting of the Manager, but no such personnel shall have a vote at the meeting.

(c) Telephone. Members may participate in a meeting of the Manager by means of telephonic communication or other means whereby each Member can hear each of the other Members, and such participation in the meeting shall constitute presence in person at the meeting.

(d) Action Without a Meeting. The Manager, in lieu of deciding any matter at a meeting or by telephone conference, may act by instrument in writing signed by all of the Members.

6.13 Compensation of Proper Officers and Members. The Proper Officers and Members shall receive reasonable compensation as set forth below for the performance of their services as Proper Officers and Members (collectively, the "Guaranteed Payments"), provided that all Members approve such compensation for the Proper Officers and each Manager. All Members must approve any increase in the compensation payable to the Proper Officers and any Manager pursuant to the Agreement. Base annual Guaranteed Payments shall be treated as Guaranteed Payments within the meaning of Code Section 707(c) and not as distributions. It shall be deducted as expenses of the Company in the calculation of Net Cash Flow.

#### ARTICLE VII DELINQUENT AND DEFAULTING MEMBERS

7.1 Failure to Pay Amounts Due. If any Member fails to pay any amount due under this Agreement within ten (10) days of the due date, the Manager shall send a written notice thereof to the Member, and if the Member fails to pay the entire required amount within ten (10) days of the date of such notice, the Member shall be considered a non-contributing Member ("Non-Contributing Member"). If a Member becomes a Non-Contributing Member, the Manager shall immediately give written notice of such fact to each Member and for a period of five (5) business days after the date of such notice each other Member shall have the right to advise the Manager in writing of such Member's desire to advance directly to the Company, on behalf of the Non-Contributing Member, the funds required from the Non-Contributing Member (a "Contribution Loan"). If within the five (5) day period more than one Member advises the Manager of the Member's desire to make a Contribution Loan, such Member (a "Contributing Member") shall lend the funds to the Non-Contributing Member in proportion to their respective percentage interest ("Percentage Interest"). At the expiration of the five (5) day period, the Manager shall advise each Member indicating a desire to make a Contribution Loan of the amount such Member is to advance to the Company and the date on which the funds are due and payable to the Company. The Contribution Loan shall be considered a loan to the Non-Contributing Member and neither the Company nor any other Member shall have any liability or obligation for the repayment of the Contribution Loan. The Contribution Loan shall mature and be due and payable in full on the date which is ninety (90) days after the date the Contribution Loan is made. Within ten (10) days after the date a Contributing Member makes a Contribution Loan, the President shall give written notice of the Contribution Loan to the Non-Contributing Member and such notice shall also specify the maturity date of the Contribution Loan.

7.2 Default. If no Member elects to advance the funds required from the Non-Contributing Member as specified in Section 7.1, then the failure of the Non-Contributing Member to make the Additional Capital Contribution or assessment shall constitute a default and the Non-Contributing Member shall be a defaulting Member ("Defaulting Member").

7.3 Contribution Loan. In the event a Contributing Member elects to make a Contribution Loan, then the Contribution Loan shall bear interest at a rate equal to the greater of eighteen percent (18%) per annum, or the "Prime Rate" in effect from time to time plus three (3) percentage points (adjusted monthly on the first day of each month), from the date the Contribution Loan is made until paid in full.

(a) Repayment of the Contribution Loan(s) shall be secured by the Non-Contributing Member's membership interests.

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(b) The Non-Contributing Member hereby grants a security interest in its membership interests to the Contributing Member(s) who advances a Contribution Loan(s) and irrevocably appoints the Contributing Member(s) as the Non-Contributing Member's attorney-in-fact with full power to prepare and execute any reasonable documents, instruments and agreements, including but not limited to, reasonable Uniform Commercial Code Financing and Continuation Statements, and other reasonable security instruments as may be appropriate to perfect and continue such security interest(s) in favor of the Contributing Member(s). If there is more than one Contributing Member, each Contributing Member's security interest in the Non-Contributing Member's membership interests shall be a pro rata portion based upon the ratio the original principal amount of the Contributing Member's Contribution Loan bears to the aggregate original principal amount of the Contribution Loans to such Non-Contributing Member. Copies of any such documents shall be mailed to the Non-Contributing Member.

7.4 Defaulting Members. If any Contribution Loan (which shall include all reasonable attorney fees, interest, and costs incurred by the Contributing Member(s)) has not been repaid in full within ninety (90) days of the date the Contribution Loan is made, then without further notice or demand (all of which are expressly waived), the Non-Contributing Member shall be considered a Defaulting Member and the Contributing Member(s) shall have, with respect to the Non-Contributing Member and his membership interest, the rights and remedies of a secured party as against a defaulting debtor under the provisions of the Arizona Uniform Commercial Code, including but not limited to, the right and power to offer for sale and to sell the Non-Contributing Member's membership interest. A Non-Contributing Member whose membership interest is foreclosed upon and sold shall remain liable to the Company and the Contributing Member(s) for any deficiency in the amount of the Contribution Loan and shall not be relieved from any personal liability for any outstanding indebtedness, liabilities, liens and/or obligations, if any.

7.5 Loan Repayment. Until such time as a Non-Contributing Member becomes a Defaulting Member, any Contribution Loan shall remain in place and shall bear interest and be repaid as provided above. Until any such Contribution Loan is repaid in full, any distributions which would otherwise be payable to the Non-Contributing Member shall be paid to the Contributing Member(s) and be applied as a credit against the Contribution Loan.

7.6 Loss of Right to Vote. A Defaulting Member shall not be entitled to attend Company meetings nor receive information relating to the Company business and shall have no right to vote on any Company matters, until such time as such Member cures any situation resulting in such Member being a Defaulting Member.

7.7 Additional Rights and Remedies. If a Member becomes a Defaulting Member by reason of no other Members electing to make a Contribution Loan, the Manager shall provide the Defaulting Member with written notice that such Defaulting Member will be expelled from the Company if, by the date specified in the notice, the Defaulting Member does not fully cure the default by contributing to the Company the full amount of the delinquent required contribution plus all of the fees, costs, and expenses incurred by the Company by reason of such default. An expelled Member shall not be entitled to withdraw any capital from the Company and shall have no right to participate in the affairs of the Company or to make any further Capital Contributions. The expulsion of a Member shall not dissolve or terminate the Company. In lieu of, but not in addition to, the rights and remedies provided in this Article VII for the Company and/or Non-Defaulting Member against a Defaulting Member, the Company and/or any Non-Defaulting Member may elect to invoke and pursue any and all other remedies against any such Defaulting Member, whether provided at law or in equity, including, but not limited to, bringing suit for damages, for specific performance, or for the appointment of a receiver or specific master, in the discretion of the Company and/or such Non-Defaulting Member.

#### ARTICLE VIII BOOKS, RECORDS, REPORTS AND ACCOUNTING

8.1 Nature of Books and Records. The Company shall maintain or cause to be maintained complete and accurate records and books of account appropriate for the Company's business and affairs. Such books and records shall be kept on a basis consistent with the accounting methods followed by the Company for federal income tax purposes (which shall be on a cash basis) applied in a consistent manner and a manner consistent with other provisions of this Agreement.

8.2 Audit. The books of the Company shall not be audited unless upon a vote of a majority of Members.

8.3 Capital Accounts. An individual Capital Account shall be maintained for each Member, to which Capital Contributions and Profits shall be credited and distributions and Losses shall be charged.

8.4 Tax Returns. The Manager, or the President acting pursuant to the authority delegated to him in Section 6.3, shall cause the preparation for filing of all federal, state and local Company tax returns at the Company's expense, and shall make such tax elections and determinations as appear to be appropriate. Such tax returns shall be prepared by the President or an independent public accounting firm to be designated by the Manager. The Manager, or the President acting pursuant to the authority delegated to him in Section 6.3, shall endeavor to deliver to each Member its Form K-1 and any other required tax information by March 1 of each year.

8.5 Bank Accounts. All receipts, funds and income of the Company shall be deposited into one or more bank accounts to be established by the President. Check signing and other authority to transact business with respect to the accounts shall be vested with the President.

8.6 Tax Matters Partner. The President shall act as the Tax Matters Partner for federal income tax purposes. The "Tax Matters Partner" shall have meaning found in Section 6231(a)(7) of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) whose responsibilities as Tax Matters Partner include, where appropriate, commencing on behalf of the Company certain judicial proceedings regarding Company federal income tax items and informing all Members of any administrative or judicial proceeding involving federal income taxes. The Tax Matters Partner shall have final decision making authority with respect to all federal income tax matters involving the Company, except that the Tax Matters Partner shall not enter into a final settlement of any federal income tax proceeding without the approval of a majority of the Members. Any direct out-of-pocket expense incurred by the Tax Matters Partner in carrying out its obligations hereunder shall be allocated to and charged to the Company as an expense of the Company for which the Tax Matters Partner shall be reimbursed.

#### ARTICLE IX RESTRICTIONS ON TRANSFERABILITY

9.1 Restrictions on Transfer of Interests. No Member shall sell, assign, pledge, hypothecate, encumber or otherwise voluntarily transfer by any means whatsoever ("Transfer") any membership interest or any portion thereof, including, without limitation, a Transfer of a right to receive profits, losses, or distributions (and any and all such attempted or purported Transfers shall be null and void), except as permitted pursuant to Section 9.2.

9.2 Permitted Transfers. Members may transfer any membership interest or any portion thereof if:

- (a) the Manager shall have consented to such Transfer, and the Member shall have paid to the Company a transfer fee of five hundred dollars (\$500) to cover administration expenses associated with the Transfer;
- (b) the Transfer is made to the estate, personal representative, executor, heirs, or devisees of a deceased Member; or
- (c) the Transfer is made to a Member's revocable family living trust.

9.3 Special Provision Respecting Transfers Upon Bankruptcy.

(a) Upon bankruptcy of a Member, the Company then then and all the remaining Members shall have the right and option for thirty (30) days from receiving written notice of such event to purchase all, but not less than all, of the membership interest of such Member. The total purchase price for such Member's membership interest shall be computed by taking: (i) the Fair Market Value of the assets of the Company; less (ii) the total liabilities of the Company as of the valuation date, multiplied times (iii) the Percentage Interest of the Member; less (iv) the amount of any obligations owed by the Member to the Company.

9.4 Substitute Member. No Person taking or acquiring, by whatever means, the membership interest of any Member shall be admitted as a substitute Member in the Company (a "Substitute Member") without satisfying the following conditions:

- (a) The Manager shall have consented to the substitution;
- (b) The Person to whom the Transfer is to be made shall execute a signature page to this Agreement, agreeing to be bound by the provisions hereof, and if such Person is married, causes his or her spouse to sign a spousal consent, both in forms acceptable to the Manager; and
- (c) All expenses (including reasonable legal fees) incurred in connection with the Transfer shall have been paid by or for the account of the Person to whom the Transfer is to be made (the Company will bear no expenses).

9.5 Termination of the Company for Tax Purposes. Notwithstanding anything to the contrary contained in any other provision of this Agreement, the sale or exchange of all or any part of a membership interest in the capital and/or the profits of the Company may not be made (and will be null and void) if the membership interest sought to be sold or exchanged, when added to all other membership interests in the Company's capital and/or profits transferred within the twelve (12) consecutive month period ending on the date of such proposed sale or exchange, would cause the termination of the Company for federal income tax purposes.

9.6 Restraining Order. If any Member shall at any time Transfer or attempt to Transfer all or any part of its membership interest in violation of the provisions of this Agreement, then the Company, or any other Member, in addition to all other available rights and remedies, shall be entitled to a decree or order restraining and enjoining such transfer.

## ARTICLE X DISSOLUTION AND TERMINATION

10.1 Dissolution. The Company shall be dissolved upon the first to occur of any of the following events:

- (a) upon the entry of a decree of dissolution under Section 29-785 of the Act;
- (b) a unanimous vote of the Members to dissolve;
- (c) the appointment of a receiver, trustee or liquidator of the assets of the Company, or the attachment, execution or other judicial seizure of all or a portion of the Company Assets, unless such seizure is discharged within one hundred twenty (120) days thereafter; or
- (d) December 31, 2044.

10.2 Effect of Filing of Dissolving Statement. Upon the dissolution of the Company, the Company shall cease to carry on its business, except insofar as may be necessary for the winding up of its business, but its separate existence shall continue until Articles of Termination have been filed with the Arizona Corporation Commission or until a decree dissolving the Company has been entered by a court of competent jurisdiction.

10.3 Termination and Winding Up. In the event of the dissolution of the Company: (i) the Company shall cease to engage in any further business, except to the extent necessary to perform existing obligations, (ii) the affairs of the Company shall be terminated and wound up, (iii) an accounting shall be made, (iv) the liabilities of the Company (including without limitation, those owed to the Members and their Affiliates in respect of funds advanced, property sold and services rendered to the Company) shall be paid or adequately provided for, and (v) the remaining Company Assets shall be distributed to the Members in the same manner as provided in Section 3.1. The Manager shall have the sole authority and control over winding up and liquidating the affairs of the Company. Distributions of non-cash assets will be based on the Fair Market Value of such assets at the time of distribution, each item going to the respective Member as the Members unanimously shall agree; provided that if the Members cannot agree unanimously on the method of distribution, then all non-cash assets shall be sold for cash at public auction after publication of notice of the time and the place of sale and describing the property has been accomplished at least once in a newspaper of general circulation in the city and county in which said assets are located and at least ten (10) days prior to such sale. In the event of such auction, all sales shall be for cash, and the Members shall have the right to bid thereon.

10.4 Compensation and Reimbursement. The Class A Members or President acting as liquidator of the Company's assets shall be entitled to reimbursement for out-of-pocket expenses incurred and reasonable compensation (in an amount determined by one hundred percent (100%) (excluding any Member acting as liquidator) of the Percentage Interests owned by Non-Defaulting Class A Members) for services rendered in connection with the winding up and liquidation of the Company. Such reimbursement shall be paid as an expense of the Company after all debts to third parties have been repaid or adequately provided for but before any repayment of liens or advances by the Members.

10.5 Articles of Termination. When all debts, liabilities and obligations have been paid and discharged or adequate provisions have been made therefore and all of the remaining Company Assets have been distributed to the Members, Articles of Termination shall be executed and filed with the Arizona Corporation Commission.

10.6 Return of Contribution Non-recourse to Other Members. Except as provided by law, upon dissolution, each Member shall look solely to the Company Assets for the return of its Capital Contribution. If the Company property remaining

after the payment or discharge of the debts and liabilities of the Company is insufficient to return the cash or other property contribution of one or more Members, such Member shall have no recourse against any other Members.

#### ARTICLE XI NO PARTITION

11.1 Waiver of Partition. Each Member hereby waives any right to partition or the right to take any other action which might otherwise be available to such Members for the purpose of severing its relationship with the Company or its interest in the Company Assets held by the Company from the interest of the other Members until the dissolution of the Company. Each Member specifically agrees not to institute any action therefore and each Member agrees that this Section 11.1 may be pled as a bar to the maintenance of any such action. A violation of this provision shall entitle the non-violating Members to collect, from the Member violating this provision, reasonable attorney's fees, costs and other damages those non-violating Members and the Company incur in connection therewith.

#### ARTICLE XII GENERAL

12.1 Notices. All notices and other communication required or permitted to be given pursuant to this Agreement shall be in writing and shall be deemed to have been duly given, made and received only when personally delivered against receipt or five (5) days after being (i) sent by telegram or facsimile to an address provided to the Company or (ii) deposited in the United States mails, certified or registered, postage prepaid, return receipt requested, addressed to the addressee at its address as shown from time to time in the records of the Company. Any Member may change the address to which communications are to be sent by giving notice of such change of address to the other Members in conformity with the provisions of this Section 12.1.

12.2 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and permitted assigns.

12.3 Controlling Law. This Agreement shall be governed by, interpreted and construed in accordance with the laws of the State of Arizona.

12.4 Provisions Severable. If any provision of this Agreement shall be or shall become illegal or unenforceable in whole or in part, for any reason, the remaining provisions shall not be affected thereby but shall be deemed valid, binding and enforceable to the greatest extent permitted by law.

12.5 Indulgences Not Waivers. Neither the failure nor any delay on the part of any party to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of any other right, remedy, power or privilege with respect to any occurrence or be construed as a waiver of such right, remedy power or privilege with respect to any subsequent occurrence.

12.6 Gender. Words used herein, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires.

12.7 Execution in Counterparts. This Agreement may be executed in any number of original or electronic counterparts, all of which taken together shall constitute one and the same instrument.

12.8 Amendment. This Agreement may be amended only by an agreement in writing executed by all Members.

12.9 Attorney's Fees. If any party institutes a suit or other proceeding against any other party in any way connected with this Agreement or its enforcement, the prevailing party to any such action shall be entitled to recover from the other party reasonable attorney's fees (not to exceed the actual attorney's fees incurred), witness fees and expenses and court costs in connection with said suit or proceeding at both trial and appellate levels, regardless of whether any such action or proceeding is prosecuted to judgment.

12.10 Number of Days. Unless the subject provision references "business days," in computing the number of days for purposes of this Agreement, all days shall be counted, including Saturdays, Sundays, and holidays; provided however, that

if the final day of any time period falls on a Saturday, Sunday or recognized United States holiday, then the final day shall be deemed to be the next date which is not a Saturday, Sunday, or holiday. If the subject provision references "business days," then in computing the number of days for purposes of this Agreement, all days shall be counted except Saturdays, Sundays, and holidays.

12.11 Captions. Captions are not intended to convey any meaning or be a part of this Agreement but are merely used for assistance in identifying paragraphs and Sections.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the day and year first above written.

**Manager:**

USA Barcelona Hotel Holding Company, LLC

By: \_\_\_\_\_  
Richard C. Harkins, its President

**Members:**

By: \_\_\_\_\_  
Richard C. Harkins

By: \_\_\_\_\_  
George T. Simmons III

## Appendix A

### DEFINED TERMS

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Whenever used in this Agreement, the following terms shall have the following meanings:

"Act" means the Arizona Limited Liability Company Act, as the same may be amended from time to time.

"Additional Capital Contributions" means any Capital Contributions to the Company other than initial Capital Contributions made pursuant to Section 2.1.

"Additional 5% Distribution" means this Distribution shall be made: (i) 100% to the Class A Units until the holders of Class A Units have received a cumulative additional 5% return on their Initial Capital Account; and thereafter, (ii) 100% to the Class B Units until the holders of Class B Units have received a cumulative 5% return on their Initial Capital Account. The Additional 5% Distribution is Cumulative.

"Adjusted Capital Account Balance" means each Member's Adjusted Capital Account Balance immediately preceding the Return of Capital.

"Affiliate" of any specified Person means (i) any Person directly or indirectly controlling, controlled by or under common control with another Person, (ii) any Person owning or controlling 12% or more of the outstanding voting securities of such other Person, (iii) any officer, director, partner of such Person, and (iv) if such other Person is an officer, director or partner, any Company for which such Person acts in any such capacity. For the purposes of this definition, "control" when used with respect to any specified person means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agreed Value" means, for each of the Company Assets, such asset's adjusted tax basis, as determined from time to time; provided, that:

- a. The initial Agreed Value of any asset contributed by a Member to the Company shall be equal to such asset's gross Fair Market Value as of the date of contribution, as reasonably determined by the contributing Member and the Members, but, in no event, shall the Fair Market Value be less than the outstanding balance of any nonrecourse indebtedness, within the meaning of §7701 of the Code, to which any asset is subject. Thereafter, except as otherwise provided in Paragraph 3.2 (a) or Paragraph 3.2 (b), the Agreed Value of such asset shall be adjusted, from time to time, by the Depreciation deduction, if any, taken into account with respect to such asset;
- b. The Agreed Values of all Company Assets shall, if elected by the President be initially adjusted to equal their respective gross Fair Market Values, but in no event shall such Fair Market Value be less than the outstanding balance of any nonrecourse indebtedness to which assets are subject, as of the following times:
  - i. The contribution by an existing or additional Member of money or other property, other than a de minimis amount, to the Company as consideration for the receipt of a Membership Interest greater than the Membership Interest owned by such Member prior to such contribution; or
  - ii. The distribution of money or any such other property, other than a de minimis amount, by the Company to a withdrawing or continuing Member as consideration for the relinquishment of some or all of such Membership Interest; or
  - iii. Upon the Liquidation of the Company;

If the Agreed Values of Company Assets are adjusted pursuant to Paragraph 6(b), thereafter, such Agreed Values shall be adjusted by the Depreciation deductions, if any, taken into account with respect to such assets, and/or shall be otherwise adjusted in accordance with Paragraph 6(b) and/or Paragraph 6(c)

- c. If there is an adjustment made to the common income tax basis of Company Assets under Code §734 and Regulations §1.734-2(b)(1), which adjustment would cause the adjusted tax basis of such assets to be greater than or less than the adjusted Agreed Values of such assets, determined as of the date of such Code §734 adjustment, without regard to such adjustment made under Code §734, the Agreed Values of the Company Assets which are subject to such basis adjustment, shall be increased, or decreased, to reflect the adjustments made to the adjusted tax basis of such assets pursuant to Code §734, but only to the extent that the adjustments made would increase the adjusted tax basis of such assets to an amount greater than, or would decrease the adjusted tax basis of such assets to an amount less than the adjusted Agreed Values of such assets, determined as of the date of the Code §734 adjustment, without regard to such Code §734 adjustment, but with regard to the other provisions of this Paragraph 6(c). If the Agreed Values of Company Assets are adjusted pursuant to this Paragraph 6(c), thereafter, the Agreed Values shall be adjusted by the Depreciation deductions, if any, taken into account with respect to such assets and/or shall be otherwise adjusted in accordance with Paragraph 6(b). above and/or this Paragraph 6(c).

"Agreement" means this Operating Agreement, by and among the Members and the Company, and as may be amended, modified or supplemented from time to time. No other document or oral agreement among the Member shall be treated as part of or superseding this Agreement unless it is reduced to writing and it has been signed by all of the Members.

"Articles" means the Articles of Organization filed by the Company.

"Basic Regulatory Allocations" mean the Allocations shall be taken into account in allocating items of income, gain, loss and deduction among the Members so that, to the extent possible, the net amount of such allocations of other items and the Basic Regulatory Allocations to the Members shall be equal to the net amount that would have been allocated to each such Members if the Basic Regulatory Allocations had not occurred.

"Capital Account" means as of any particular date, the individual capital account, determined and maintained for each Member in accordance with Regulations §1.704-1(b)(2)(iv). For this purpose, except as otherwise provided in Regulations §1.704-1(b)(2)(iv), the Capital Account of each Member shall consist of the amount of money contributed by the Member to the Company, including Company liabilities assumed by the Member as provided in Regulations §1.704-1(b)(2)(iv)(c), and:

- a. Increased by:
- i. The initial Agreed Value of any asset contributed by the Member to the Company, as determined pursuant to Paragraph A under "Agreed Value" net of liabilities secured by such contributed asset that the Company is considered to assume or take subject to under Code §752; and
  - ii. Capital Account credits pursuant to Article II of the Operating Agreement; and
  - iii. Allocations to the Member of Company Net Income or items of income or gain thereof, but excluding from this Paragraph 9(a)(ii) income and gain described in Regulations §1.704-1(b)(4)(i); and
- b. Decreased by:
- i. The amount of money distributed to the Member by the Company, including liabilities of the Member assumed by the Company as provided in Regulations §1.704-1(b)(2)(iv)(c); and
  - ii. The gross Fair Market Value of any Company Asset distributed to the Member by the Company, as reasonably agreed to by the Member, but in no event shall the gross Fair Market Value of any distributed Company Asset which secures a Nonrecourse Liability of the Company be less than the outstanding balance of such liability, as of the date of distribution and net of liabilities secured by such distributed Company Asset that such Member is considered to assume or take subject to under Code §752; and
  - iii. Allocations to the Member of nondeductible expenditures of the Company described in Code §705(a)(2)(B); and

- iv. If and to the extent not otherwise includable in allocations described in Paragraph (a)(iii) above, allocations to the Member of Company Net Loss or items of expense thereof, but excluding items of loss or deduction described in Regulations §1.704-1(b)(4)(i) and (iii); and
- v. If and to the extent not otherwise in Paragraphs (a)(iii) and (iv) above, allocations to the Member of (a) Company Net Loss, or items of expense thereof that are disallowed for federal income tax purposes under Code §267(a)(1) or §707(b), (b) organization expenses of the Company for which an election under Code §709(b) is not in effect, and (c) syndication expenses; and
- c. To the extent that the unrealized income, gain, loss and deduction inherent in any Company Asset distributed or deemed distributed in kind, whether or not distributed in liquidation, has not previously been reflected in the Capital Accounts, the Capital Accounts shall be adjusted to reflect the manner in which the unrealized income, gain, loss and deduction inherent in such asset that has not been reflected previously in the Capital Accounts would have been allocated among the Member under this Agreement immediately preceding such distribution if there had been a taxable disposition of such asset for its Fair Market Value as reasonably agreed to by the Member on the date of its actual or deemed distribution, taking into account Code §7701(g); and
- d. In the event that the Agreed Values of Company Assets are adjusted on the books of the Company as provided in Paragraph (b), the Capital Accounts shall be adjusted to reflect the manner in which the unrealized income, gain, loss or deduction inherent in the Company Assets, to the extent that it has not been previously reflected in the Capital Accounts, would be allocated among all the Members under the terms of this Agreement, assuming that, in the case of an adjustment pursuant to Paragraph (b)(i) or (b)(ii), there was a taxable disposition of such assets immediately preceding such contribution of money or other property to the Company, or immediately preceding such of money or other property by the Company, or, in the case of an adjustment pursuant to Paragraph (b)(iii), there was a taxable distribution of such assets upon the Liquidation of the Company for such assets' then Agreed Value as determined under Paragraph (b); and
- e. In the event the Company, in conformity with Regulations §1.704-1(b)(2)(iv) as provided in "Agreed Value", has a Company Asset with an Agreed Value greater than or less than its adjusted tax basis, the Capital Accounts shall be adjusted in accordance with Regulations §1.704-1(b)(2)(iv)(g) for allocations to them of Depreciation, as computed with respect to such asset and allocations to them of gain or loss as computed with respect to such asset by reference to the adjusted Agreed Value of such asset and not by reference to such asset's adjusted tax basis, as provided by Paragraph (a)(ii), (b)(iii), (b)(iv), and (b)(v) above; and
- f. To the extent that an adjustment to the adjusted tax basis of any Company Asset pursuant to Code §734(b), Code §732(d), or Code §743-(b) is required under Regulations §1.704-1(b)(2)(iv)(m) to be taken into account in determining Capital Accounts, the Capital Accounts shall be adjusted as and to the extent required by such section of the Regulations; and
- g. Shall be otherwise adjusted in accordance with the rules set forth in Regulations §1.704-1(b)(2)(iv).
- 1. Upon the transfer of all or a part of a Membership Interest, the Capital Account of the transferor Member that is attributable to the transferred Membership Interest shall be carried over to, and become the Capital Account of, the transferee Member. If the transfer of a Membership Interest causes a termination of the Company under Code 708(b)(1)(B) the Capital Account that carries over to the transferee Member will be adjusted in accordance with Regulations §1.704-1(b)(2)(iv)(e), and the constructive reformation of the Company will, for purposes of this definition of "Capital Account" and the definition of "Agreed Value" above, be treated as the formation of a new limited liability Company, and the Capital Accounts of the transferee Member and the remaining Member will be determined and maintained accordingly.
- 2. The foregoing provisions relating to the definition of Capital Accounts are intended to comply with Regulations §1.704-1(b) and shall be interpreted and applied, and if necessary, modified by the Members (provided there is no material effect on the distributions to Member's under Article X of this Agreement upon dissolution of the Company), in a manner consistent with such Regulation.

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"Catchup Distribution" means if at any time all accrued Cumulative Distributions from prior periods have not been made, the first distribution shall be the Catchup Distribution; however, no Catchup Distributions shall be made if all accrued Cumulative Distributions from prior periods have been made. Any Catchup Distributions must be made: (i) first, 100% to the Class A Units until they have received all accrued Cumulative Distributions due from prior periods; and thereafter, (ii) 100% to the Class B Units until they have received all accrued Cumulative Distributions due from prior periods.

"Cause" means with respect to any Manager any of the following: (i) conviction of a felony or conviction of a misdemeanor which in the determination of the Members adversely affects the Company or the ability of the Manager to perform its duties hereunder; (ii) misappropriation of corporate funds or other acts of dishonesty with respect to the Company; (iii) such Manager's breach of this Agreement in any material respect; (vi) the failure of such Manager to diligently, substantially and satisfactorily perform the Manager's duties under the Operating Agreement.

"Class A Units" means the 10,000 Class A Member Units authorized by the Company.

"Class B Units" means the 1,111 Class B Member Units authorized by the Company.

"Code" means the Internal Revenue Code of 1986 (or any successor), as amended from time to time.

"Company" means USA Barcelona Hotel Land Company I, LLC.

"Company Asset(s)" means, at any particular time, the Land Parcels and any other assets or property, tangible or intangible, choate or inchoate, fixed or contingent, of the Company.

"Company Minimum Gain" means minimum gain of the Company as defined in Regulations §1.704-2(b)(2) and determined in accordance with Regulations §1.704-2(d) and §1.704-2(g)(3).

"Contributing Member(s)" means a Member who has made a Contributing Loan to the Company.

"Contribution Loan" has the meaning set forth in Section 7.3.

"Cumulative Distributions" means in any period in which Distributions are declared by the Company, the first payment of Distributions shall be those accrued from prior periods and (i) due to the Class A Members and Class B Members under the 8% Priority Distribution, and (ii) due to Class A Members and Class B Members under the 5% Additional Distribution. Such payments shall be classified as Catch-up Distribution payments and shall be paid in full prior to the payment of any other Distributions to any Member. Unpaid Catch-up Distribution amounts due from prior periods and the current period, shall accrue and accumulate as Cumulative Distributions and are payable as Catch-up Distribution payments in the next period in which the Company declares and pays Distributions.

"Defaulting Member" means any Member who has caused a Monetary Default or a Non-Monetary Default which remains uncured under this Agreement. All other Members are Non-Defaulting Members.

"Distribution" means the cash payments made to Members.

"Effective Date" means the effective date of the Operating Agreement which is January 15, 2014.

"8% Priority Distribution" means the Distribution shall be made: (i) 100% to the Class A Units until the holders of Class A Units have received a cumulative 8% return on their Initial Capital Account; and thereafter, (ii) 100% to the Class B Units until the holders of Class B Units have received a cumulative 8% return on their Initial Capital Account. The 8% Priority Distribution is Cumulative.

"Fair Market Value" means, with respect to any asset or property, the fair market value thereof as determined in good faith by the affected parties. If the affected parties are unable to agree upon an amount, then upon the request of any of the affected parties, the fair market value shall be determined by appraisal. If the fair market value of any real property is to be determined by appraisal, the affected parties shall agree upon a single independent M.A.I. appraiser to determine the value. If the affected parties are unable to agree upon an appraiser within ten (10) calendar days, then upon the request of any affected party, the

appraiser shall be selected by the Presiding Judge of the Superior Court of Maricopa County, Arizona. The selected appraiser must have at least ten (10) years' experience in appraising parcels of real property in Maricopa County, Arizona.

"Final Distribution" means the fourth Distribution and shall be made 90% to the Class A Units as a Class and 10% to the Class B Units as a Class.

"Fiscal Year" means the accounting year of the Company ending December 31 of each year, unless the Manager establishes a different year.

"Guaranteed Payment(s)" means the payments authorized to be made to the President and Proper Officers as stipulated in the Operating Agreement, Section 6.13(a).

"Initial Capital Account" means the purchase price paid for Units plus any Capital Account Credit.

"Initial Capital Contribution" means the amount (exclusive of Additional Capital Contributions) which a Member actually pays as a Capital Contribution to the Company, whether in cash or by the transfer of assets to the Company.

"Major Decisions" has the meaning of those decisions set forth in Section 6.4.

"Majority-In-Interest" means a simple majority of a Class of Members in the Company.

"Manager Loan(s)" means if the Manager determines that the business of the Company requires funds, in addition to the capital contributed by the Members, the Company may borrow money from the Manager, and the Manager may make one or more loans to the Company to enable the Company to meet its obligations.

"Member(s)" means each Person who becomes a Member under the terms of this Agreement and each Person who may become a Substitute Member.

"Member Loans" means any loans made to the Company by Members.

"Member(s) Nonrecourse Debt" means a Nonrecourse Liability as defined in Regulations §1.704-2(b)(4).

"Member(s) Nonrecourse Debt Minimum Gain" means minimum gain of a Member as defined in Regulations §1.704-2(i)(2) and determined in accordance with Regulations §1.704-2(i)(3).

"Net Cash Flow" means the gross cash proceeds from Company operations from whatever source derived, including without limitation gross cash proceeds from the sale, exchange, or other disposition, or refinancing of Company Assets either in or outside the ordinary course of Company business, reduced by such other amounts determined by the Member to be used to pay, or establish reserves for, any other Company expenses, principal and interest payments on Company indebtedness including without limitation, working capital loans but not including, Member Loans, capital improvements, replacements, and contingencies, and increased by any reductions of previously established reserves reasonably determined by the Member to no longer need to be held in reserve and to be available for distribution.

"Net Income and Net Loss" of the Company or items thereof shall, for each Fiscal Year or other relevant period of the Company, be an amount equal to the Company's taxable income or loss for such period, as determined for federal income tax purposes in accordance with the accounting method followed by the Company and in accordance with Code §703, and for this purpose, all items of income, gain, loss or deduction required to be separately stated pursuant to Code §703(a)(1) shall be included in taxable income or loss, subject to the following modifications:

- a. Any income of the Company that is exempt from federal income tax, including without limitation, interest income which is exempt from tax under Code §103, and the proceeds of insurance policies which are exempt from income under Code §101, and not otherwise taken into account in computing Net Income and Net Loss pursuant to this definition, shall be added to such taxable income or loss;
- b. Any expenditures of the Company described in Code §705(a)(2)(B), including without limitation, expenses and

interest to which Code §265 applies, and insurance premiums which are nondeductible pursuant to Code §264 or treated as Code §705(a)(2)(B) expenditures pursuant to Regulations §1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Net Income or Net Loss pursuant to this definition, including without limitation, syndication expenses, shall be subtracted from such taxable income or loss; and

- c. If the Agreed Value of any Company Asset differs from its adjusted tax basis for federal income tax purposes, Net Income and Net Loss of the Company shall be determined in conformity with this Agreement and applicable Treasury Regulations, by reference to the Depreciation deductions, if any, allowable with respect to such Company Asset, and by the gain or loss attributable to such asset as computed by reference to such Company Asset's Agreed Value and not, if different, by reference to such Company Asset's adjusted tax basis.

"New Issue Units" means additional Units authorized by the Company for the purpose to raise additional capital through the sale of any new class of Members Units.

"Non-Contributing Member" has the meaning set forth in Section 7.1.

"Non-Defaulting Member" means any Member that is not a Defaulting Member.

"Nonrecourse Deductions" means depreciation or cost recovery deductions, and if necessary, a pro rata portion of other Company losses, deductions, and Code Section 705(a)(2)(B) expenditures in the amount determined in accordance with Regulations §1.704-2(c) and in the order determined in accordance with Regulations §1.704-2(j)(2).

"Nonrecourse Regulatory Allocations" mean the Allocations shall be taken into account in allocating items of income, gain, loss and deduction among the Members so that, to the extent possible, the net amount of such allocations of other items and the Nonrecourse Regulatory Allocations to the Members shall be equal to the net amount that would have been allocated to the Members if the Nonrecourse Regulatory Allocations had not occurred.

"Offer" means a bona fide offer from a third party to purchase all, or a portion of, membership interests.

"Percentage Interest" means the percentage interest of each Member in this Company set forth in Schedule 1.

"Person" means any individual and any legal entity, and their respective heirs, executors, administrators, legal representatives, successors, and assigns.

"Prime Rate" means the rate of interest, as of the first business day of each month, designated in the "Money Rates" Section of the Wall Street Journal as the "prime rate" or if the Wall Street Journal ceases quoting a Prime Rate, the rate of interest charged by Bank One to its largest and most credit-worthy commercial borrowers for unsecured loans maturing in ninety (90) days, but in no event in excess of the highest legal rate in Arizona.

"Proper Officer(s)" means the President, and such other Persons to whom the Members delegate authority and duties to conduct the business and affairs of the Company.

"Regulations" mean the regulations promulgated by the Department of the Treasury under the Code. Where followed by the symbol "§," such reference shall be to the particular section of the Regulations promulgated under the Code. Where preceded by the symbol "§" and a Code number, such reference shall be to the Regulations promulgated under that particular section of the Code.

"Regulatory Allocations" consist of the "Basic Regulatory Allocations," and the "Nonrecourse Regulatory Allocations.

"Return of Capital Distribution" means that Distribution shall be made: (i) 100% to the Class A Units until their Adjusted Capital Account balances are zero; and thereafter, to the Class B Units until their Adjusted Capital Account balances are zero

"SLP LLC" means a limited liability company intended to acquire and Entitle a single Land Parcel.

"Substitute Member" means the transfer of membership interest to a Permitted Transferee under the terms outlined in Section 9.4 of the Operating Agreement.

"Tax Matters Partner" means the President of the Company who will act as the Partner for the Company for federal income tax purposes.

"Transfer" means the sale, assignment, pledge, hypothecation, or encumbering of any membership interest in the Company.

"Unit" means a unit of measurement the Company will use for purposes of determining a Member's Percentage Interest at any point in time and for purposes of determining voting rights.

"Unit holder" means a person who owns Class A Units or Class B Units.

"USA BRA" means USA Barcelona Realty Advisors, LLC.

"USA HLC-I" means the Company or USA Barcelona Hotel Land Company I, LLC.

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**Schedule 1-  
LIST OF MEMBERS**

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## EXHIBIT C -- COMPANY BALANCE SHEET

### USA Barcelona Hotel Land Company I, LLC

#### Balance Sheet

As of April 30, 2014

Notes

April 30, 2014

#### Assets

Cash	1	\$	1,000
Capitalized Organization Costs	2		750,000
Working Capital Commitment from USA BRA	3		-
Total Assets			<u>751,000</u>

#### Liabilities and Members Equity

##### Liabilities

Payable to BRA for Organization Period Services	2	250,000
Loan from BRA		-
Total Liabilities		<u>250,000</u>

##### Members Equity

Retained Earnings		-
Class A Members		-
Class B Member	1, 2	501,000
Total Members Equity		<u>501,000</u>

#### Total Liabilities And Members Equity

\$ 751,000

Note 1 – The Class B Member made an initial capital contribution of \$1,000.

Note 2 – USA BRA has charged the Company \$750,000 for this organization period work and has agreed to contribute \$500,000 of the amount as Class B Capital and loan the balance of \$250,000 to the Company to be repaid from operating revenues. The loan will bear 10% interest. See the Financial Forecast for assumed timing of repayment.

Note 3 – USA BRA has agreed to make working capital loans, as needed by the Company, in an amount up to \$500,000. Any such loans will be repaid on a non-priority basis plus 10% interest. Currently no funds have been advanced to the Company by USA BRA under this agreement. Also, USA BRA will be credited with an additional \$500,000 to its Capital Account for foregoing the first \$500,000 in Entitlement Completion Fees due to it which will allow the Company to retain that cash to accommodate any payments made to Class A Members under the Liquidity Feature. Under the Forecast, this event(s) will not occur until mid-2015. Accordingly, the amount(s) is not reflected in the Balance Sheet.

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## **EXHIBIT D – FINANCIAL FORECAST**

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- For the Period 2014 through 2017 -

### **Contents of the Financial Forecast:**

Statements of Cash Flows  
Statements of Operations  
Balance Sheets  
Notes to the Financial Forecast Statements

The information contained in this Financial Forecast is entirely forward-looking information that is not based on historical operating results of our Company. The Forecast was created using numerous assumptions set forth below, which you should examine carefully. The Forecast is subject to known and unknown risks, uncertainties, and other factors, many of which are beyond our control, and could cause the actual results to vary materially from those contemplated in the Forecast. In light of the risks, assumptions and uncertainties involved, we can give no assurance that the forward-looking information in this Forecast will in fact transpire or prove to be accurate.

Important factors that may cause the forecasted results to differ from actual results include, for example:

- Our ability to raise capital sufficient for us to conduct business according to our plans.
- Risks associated with the hotel industry, including competition, increases in employment costs, energy costs and other operating costs, or decreases in demand caused by events beyond our control including, without limitation, actual or threatened terrorist attacks, any type of flu or disease-related pandemic, or downturns in general and local economic conditions.
- The availability and terms of financing and capital and the general volatility of securities markets.
- Our ability to acquire desirable future Land Parcels on a favorable basis, and to obtain a satisfactory price when we liquidate the fully Entitled Land Parcels.
- Risks associated with the real estate industry, including environmental contamination and costs of complying with the Americans with Disabilities Act and similar laws.
- Interest rate increases.
- Our ability to maintain sufficient liquidity and our access to capital markets.
- The effect of changing economic conditions in the United States.
- Our relationships with franchisors.
- We have included a Financial Forecast incorporating Company operations for the period 2014-2017. Our Financial Forecast is based on many assumptions, as enumerated in this Exhibit. Our assumptions may be wrong.
- Changes in the law and other risks which are described under "Risk Factors".

We do not promise to update forward-looking information to reflect actual results or changes in assumptions, to release publicly any revisions to any forward-looking statements, to report events or circumstances after the date of the Memorandum or to report the occurrence of unanticipated events, or other factors that could affect those statements. Statements preceded by, followed by or that otherwise include the words, "believes", "expects", "anticipates", "intends", "estimates", "plans", "may", and similar expressions of future or conditional verbs such as "will", "should", "would", and "could" are generally forward-looking in nature and not historical. The factors discussed under "Risk Factors", in addition to those discussed elsewhere in this Memorandum, could affect the future results of the Company and could cause results to differ materially from those expressed in the forward-looking statements. For any forward-looking statements contained in the Memorandum, the Company claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

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## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES IN THE FINANCIAL FORECAST

### Organization

USA Barcelona Hotel Land Fund I, LLC (the "Company") is an Arizona limited liability company. The Company, which has no operating history, was formed to contract to acquire land in selected metropolitan areas in the United States and Canada. Initial capitalization occurred on April 30, 2014 when USA Barcelona Realty Advisors, LLC. contributed \$1,000 in paid in capital. The Company's fiscal year is the calendar year. The Balance Sheets includes the accounts of the Company and its subsidiaries. All intercompany accounts and transactions have been eliminated.

### Significant Accounting Policies

**Consolidation.** Our consolidated financial statements include the accounts of the Company and our wholly owned subsidiaries. All inter-company transactions, balances and profits have been eliminated in consolidation. In addition, we evaluate our investments in partnerships and joint ventures for consolidation based on whether we have a controlling interest, including those in which we have been determined to be a primary beneficiary of a variable interest entity ("VIE") or meets certain criteria of a sole general partner or managing member in accordance with the consolidation guidance of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC").

The application of these accounting principles requires management to make significant estimates and judgments about our rights and our venture partners' rights, obligations and economic interests in the related venture entities. For example, under this pronouncement, there are judgments and estimates involved in determining if an entity in which we have made an investment is a VIE and if so, if we are the primary beneficiary. This includes determining the expected future losses of the entity, which involves assumptions of various possibilities of the results of future operations of the entity, assigning a probability to each possibility and using a discount rate to determine the net present value of those future losses. A change in the judgments, assumptions and estimates outlined above could result in consolidating an entity that should not be consolidated or accounting for an investment on the equity method that should in fact be consolidated, the effects of which could be material to our the financial statements.

**Start-Up Costs.** Start-up costs are capitalized as incurred.

**Use of Estimates.** The preparation of the financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results will differ from those estimates.

**Investments in Land Parcels.** Land Parcels acquired by the Company will be stated at cost and will include real estate brokerage commissions paid to and other due-diligence costs reimbursed to USA Barcelona Realty Advisors.

The Company will record impairment losses on real estate used in the operations if indicators of impairment are present, and the undiscounted cash flows (cash inflows less associated cash outflows) estimated to be generated by the respective Properties are less than their carrying amount. Impairment losses are measured as the difference between the asset's fair value, and its carrying value.

The Company accounts for acquisitions utilizing the purchase method, and accordingly, the results of the acquisition of real estate are included in the Company's results of operations from the date of acquisition. All liabilities assumed in connection with an acquisition of Land Parcels are marked to market at the date of the acquisition using a market interest rate in effect at that date for similar debt agreements with similar maturities. The resulting premium or discount is amortized into interest expense over the life of the related debt agreement using the effective interest method.

**Investments in Unconsolidated Entities.** The equity method of accounting is applied with respect to investments in entities for which we have determined that consolidation is not appropriate and we have significant influence. We record equity in earnings of the entities under the hypothetical liquidation at book value method of accounting. Under this method, we recognize income in each period equal to the change in our share of assumed proceeds from the liquidation of the underlying unconsolidated entities at book value. Under this method, in any given period, we could be recording more or less income than actual cash distributions received and more or less than what we may receive in the event of an actual liquidation.

**Mortgages and Other Notes Receivable.** Mortgages and other notes receivable are recorded at the stated principal amounts net of deferred loan origination costs or fees. A loan is considered to be impaired when, based on current information and events, it is probable that we will be unable to collect all amounts due according to the contractual terms of the note. An allowance for loan loss is calculated by comparing the carrying value of the note to the estimated fair value of the underlying collateral. Increases and decreases in the allowance due to changes in the measurement of the impaired loans are included in

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the provision for loan loss not to exceed the original carrying amount of the loan. Interest income on performing loans is accrued as earned. Interest income on impaired loans is recognized as collected. The estimated fair market value of the underlying loan collateral is determined by management using appraisals and internally developed valuation methods. These models are based on a variety of assumptions. Changes in these assumptions could positively or negatively impact the valuation of our impaired loans.

**Derivative Instruments and Hedging Activities.** We may utilize derivative instruments to partially offset the effect of fluctuating interest rates on the cash flows associated with our variable-rate debt. We intend to follow established risk management policies and procedures in our use of derivatives and do not enter into or hold derivatives for trading or speculative purposes. We will record all derivative instruments on the balance sheet at fair value. On the date we enter into a derivative contract, the derivative is designated as a hedge of the exposure to variable cash flows of a forecasted transaction. The effective portion of the derivative's gain or loss is initially reported as a component of other comprehensive income (loss) and subsequently recognized in the statement of operations in the periods in which earnings are impacted by the variability of the cash flows of the hedged item. Any ineffective portion of the gain or loss is reflected in interest expense in the statement of operations. Determining fair value and testing effectiveness of these financial instruments requires management to make certain estimates and judgments. Changes in assumptions could have a positive or negative impact on the estimated fair values and measured effectiveness of such instruments could in turn impact our results of operations.

**Accounting for Land Parcel Acquisitions.** For each Land Parcel acquisition, we record the fair value of the land, and any assumed liabilities on contingent purchase consideration. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Fair values are determined based on incorporating market participant assumptions, discounted cash flow models and our estimates reflecting the facts and circumstances of each acquisition.

**Acquisition Fees and Costs.** We will expense, rather than capitalize, acquisition fees and costs in accordance with existing accounting requirements. The expensing to operations procedure causes a decrease in cash flows from operating activities, as compared to when acquisition fees and costs were included in cash flows from investing activities, but are now treated as cash flows from operating activities. The characterization of these acquisition fees and costs to operating activities in accordance with GAAP does not change the nature and source of how the amounts are funded and paid. We will capitalize acquisition fees and costs incurred in connection with the making of loans, simple asset purchases and other permitted investments.

**Fair Value of Non-Financial Assets and Liabilities.** For non-financial assets and liabilities such as real estate, intangibles, investments in unconsolidated entities and other long-lived assets, including the incorporation of market participant assumptions, Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. We will generally determine fair value based on incorporating market participant assumptions, discounted cash flow models and our management's estimates reflecting the facts and circumstances of each non-financial asset or liability.

**Use of Estimates.** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported periods. These estimates include the allocation of costs and the assessment of the collectability of accounts receivable, use and recoverability of inventories, useful lives for amortization periods, and recoverability of goodwill, among others. Actual results could differ from those estimates.

**Goodwill and Other Intangible Assets.** Goodwill and identifiable intangibles which consists of leasehold advantages, recorded in connection with the Land Parcel purchase transactions, are accounted for in accordance with the provisions of Statement of Financial Accounting Standards ("SFAS") No. 142, Goodwill and Other Intangible Assets.

**Leasehold Advantage.** Is amortized on a straight line basis over the life of the land leases (if any), which range from 22 - 33 years. A leasehold advantage exists when the selected property pays a contracted rent that is below current market rents. The value of a leasehold advantage is calculated based on the differential between market and contracted rent, which is tax effected and discounted to present value based on an after-tax discount rate corresponding to each Land Parcel.

**Capitalized Interest.** We will capitalize interest expense during the period of Land Entitlement of Land Parcels.

**Cash and Cash Equivalents.** We consider all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

**Restricted Cash.** "Restricted cash" consists of cash held as collateral to provide credit enhancement for select Land Parcel obligations related to Land Parcel Purchase Contracts deposits made in the form of Company or Affiliate Promissory Notes.

**Income Taxes.** Our SLP LLCs will account for income taxes under SFAS No. 109, Accounting for Income Taxes, which prescribes an asset and liability approach. Under the asset and liability method, deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and the respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. Income tax expense (benefit) is the tax payable (refundable) for the period and the change during the period in deferred tax assets and liabilities. This approach will be used to determine the components of income taxes for the select Properties based on the specific identification of assets and liabilities.

## **2. OFFERING OF UNITS**

### **Description of the Offering**

The Company is offering and selling, to Accredited Investors only, up to 10,000 Class A Units at \$1,000 per Class A Unit. There is no minimum Offering. Each Subscriber's funds will be placed in an escrow account at Alliance Bank of Arizona in Phoenix, Arizona until the Company accepts the Subscriber as a Class A Member. Purchasers must purchase a minimum of 100 Class A Units at \$1,000 per Class A Unit (\$100,000), except that we may permit investments of a lesser amount in our discretion. We also intend to sell Class A Units to Eligible Persons, who may include our Affiliates, at a Modified Price of not less than \$920 per Class A Unit.

**Who May Invest.** Only Accredited Investors may purchase Class A Units. In general, natural persons must have a minimum annual income of at least \$200,000, or a net worth of \$1,000,000. See "Plan of Distribution - Investor Qualifications".

**Risk Factors.** The Class A Units being offered involve a high degree of risk. Prospective investors, prior to making an investment, should carefully consider the risks and speculative factors inherent in and affecting the business of the Company. See "Risk Factors".

**Net Offering Proceeds.** Estimated net proceeds of the Offering are \$9,100,000. See "Planned Use of Offering Proceeds".

**Subscription Payment.** Subscribers fund their Class A Unit Purchase Price by paying 100% of the amount subscribed at Subscription.

**Exempt Offering.** The Class A Units are being sold in an exempt offering to Accredited Investors pursuant to exemptions from registration afforded by Section 4(a)(2) of the Securities Act of 1933, as amended, Regulation D 506(c) adopted thereunder, and applicable state laws.

**Plan of Distribution.** The Class A Units are being offered by the members of management of the Company on a "best efforts" basis, who will receive no compensation related to their sales activities. Other persons who assist in sales, including registered investment advisors, licensed securities dealers and others ("Selling Agents") subject to applicable state securities laws, may receive fees or commissions of up to 8% on sales of Class A Units. We also intend to sell Class A Units to Eligible Persons, including certain clients of registered investment advisors, at a Modified Price of than \$920 per Class A Unit.

**Commissions; Sales to Eligible Persons.** The Company may pay fees and commissions of up to 8% of the price of Class A Units sold in this Offering where sales are made by licensed securities dealers and others ("Selling Agents") authorized to receive such amounts under applicable securities laws. The Company's estimated allocation of the net Offering Proceeds of this Offering is based upon projections regarding the Company's proposed business operations, its plans and current economic and industry conditions, and is subject to a reapportionment.

Additionally, regarding purchases of Class A Units by IRAs, the Company may pay a one-time fee to the associated IRA custodian of up to \$500, which payment will be deducted from any commission and expenses otherwise due on the sale of the associated Class A Units. Offering commissions on Class A Unit sales and IRA custodian payments will be paid from Offering Proceeds based on sales of Class A Units accepted by the Company during the Offering Period, and any unused funds apportioned to this category will be reapportioned to Company Working Capital. We also intend to sell Class A Units to Eligible Persons, including certain clients of registered investment advisors, at a Modified Price of not less than \$920 per Class A Unit.

Maximum legal, accounting, printing and other expenses associated with the Offering are estimated to be \$100,000 and will be paid from Offering Proceeds.

**Escrow.** Each Subscriber's funds will be placed in an escrow account at Alliance Bank of Arizona in Phoenix, Arizona until the Company accepts the Subscriber as a Class A Member at which time the escrowed funds will be distributed to the Company.

**Allocations.** Each Member will be allocated a share of profit, loss, items of income, gain, credit or expenses for each fiscal year of the Company, in accordance with his or her respective Capital Account as provided in the Operating Agreement. See Exhibit B, Operating Agreement.

**Voting.** The Class A Members voting rights are limited to (i) any matter that would materially alter their Distribution rights, and (ii) the removal of the Manager for Cause. A Majority In Interest of the Class A Members must approve any action on which the Class A Members are entitled to vote. See Exhibit B - Operating Agreement.

**Class A Member Tax Returns.** The federal income tax information sent to each Class A Member by the Company following the close of each calendar year will be based in certain cases on interpretations of data compiled from the books and records of the Company. Management will endeavor in good faith to adhere to current income tax regulations, interpretations and precedents and will consult with independent public accountants and tax counsel to the extent deemed appropriate by management in compiling the tax information to be sent to the Class A Members. However, the amounts of income, gain, loss, deductions, credits or allowances reported by each Class A Member for his individual income tax returns on the basis on such tax information might, in the event of an audit, vary from the amounts ultimately determined or allowed by the IRS or by the courts.

#### **Liquidity Feature**

The Company intends to create a Liquidity Feature to be funded by USA BRA receiving Class B Member Units in lieu of cash payment of the first \$500,000 of Land Parcel Entitlement Completion Fees which become due from the Company. Effective May 1, 2015, a Class A Member suffering a financial hardship may petition the Company to acquire its Class A Units. If the Parent Company's board of directors, in its sole discretion, determines that a hardship is genuine, and if the Liquidity Feature reserve is adequate, the Company will purchase up to \$50,000 of the Member's Class A Units at 92% of the Initial Capital Contribution paid for those Units. This Liquidity Feature would be limited to \$50,000 for any one Member, and \$500,000 in aggregate.

#### **Advisor's Capital Contributions**

Our Advisor, USA BRA, has made an initial capital contribution of \$1,000. Additionally, USA BRA has been granted a \$500,000 Capital Account Credit for work it has contributed to the Company for organizational period services which resulted in the formation of the Company and its subsidiary SLP LLCs, Land Parcel sourcing and related negotiations with land owners on behalf of the Company in its formation stage, negotiations with third party companies for various Entitlement related services to be provided to the Company and other associated matters. Additionally, USA BRA's capital account will be credited \$500,000 for Land Parcel Entitlement Completion fees it has agreed to forego in order for the Company to establish a Liquidity Feature. Accordingly, USA BRA's Capital Account will be credited a total amount of \$1,001,000 for the \$1,000 cash capital contribution and the two \$500,000 Capital Account credits.

#### **Distributions**

Each Class A Unit holder's capital account ("Capital Account") will be initially established in the amount of the purchase price paid for the Class A Units. We refer to that amount as the "Initial Capital Account".

Each Class B Unit holder's Capital Account will be initially established in the amount of the purchase price paid for the Class B Units plus any applicable Capital Account Credits ("Capital Account Credits") granted by the Company for amounts due for organization period work. USA Barcelona Realty Advisors ("USA BRA"), our Advisor, has been granted a \$500,000 Capital Account Credit for work it has contributed to the Company for organizational period services which resulted in the formation of the Company and its subsidiary SLP LLCs, Land Parcel sourcing and related negotiations with land owners on behalf of the Company in its formation stage, negotiations with third party companies for various Entitlement related services to be provided

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to the Company and other associated matters. Accordingly, USA BRA's Original Capital Account Balance will be credited in the amount of \$500,000.

In any period in which a Distribution is made, for the purpose of calculating the amount of Distribution due to each Unit holder, the "8% Priority Distribution" and the "Additional 5% Distribution" shall be made based on the Unit holder's Initial Capital Account Balance until such time as the Unit holder's Capital Account is reduced to zero as a result of reductions created by Return Of Capital Distributions. The 8% Priority Distribution and the 5% Additional Distribution shall be eliminated following the Unit holder's Capital Account being reduced to zero.

Distribution of Net Cash Flow. Commencing in the second quarter of 2015, as soon as practicable after the end of each quarter of the fiscal year, and, as to year-end distributions, in no event later than ninety (90) days after the end of each fiscal year, the Company shall make Distributions as determined by the Manager in the following order of priority:

- (a) If at any time all accrued Cumulative Distributions from prior periods have not been made, the first Distribution shall be the "Catchup Distribution"; however, no Catchup Distributions shall be made if all accrued Cumulative Distributions from prior periods have been made. Any Catchup Distributions must be made: (i) first, 100% to the Class A Units until they have received all accrued Cumulative Distributions due from prior periods; and thereafter, (ii) 100% to the Class B Units until they have received all accrued Cumulative Distributions due from prior periods.
- (b) If no Catchup Distributions are due, the first Distribution shall be the "8% Priority Distribution", and shall be made: (i) 100% to the Class A Units until the holders of Class A Units have received a cumulative 8% return on their Initial Capital Account; and thereafter, (ii) 100% to the Class B Units until the holders of Class B Units have received a cumulative 8% return on their Initial Capital Account. The 8% Priority Distribution is Cumulative; thereafter,
- (c) The second Distribution shall be the "Additional 5% Distribution", and shall be made: (i) 100% to the Class A Units until the holders of Class A Units have received a cumulative additional 5% return on their Initial Capital Account; and thereafter, (ii) 100% to the Class B Units until the holders of Class B Units have received a cumulative 5% return on their Initial Capital Account. The Additional 5% Distribution is Cumulative; thereafter,
- (d) The third Distribution shall be the "Return of Capital Distribution", and shall be made: (i) 100% to the Class A Units until their Adjusted Capital Account balances are zero; and thereafter, to the Class B Units until their Adjusted Capital Account balances are zero; and thereafter,
- (e) The fourth Distribution shall be the "Final Distribution" and shall be made 90% to the Class A Units as a Class and 10% to the Class B Units as a Class.

Cumulative Distributions means in any period in which Distributions are declared by the Company, the first payment of Distributions shall be those accrued from prior periods and (i) due to the Class A Members and Class B Members under the 8% Priority Distribution, and (ii) due to Class A Members and Class B Members under the 5% Additional Distribution. Such payments shall be classified as Catch-up Distribution payments and shall be paid in full prior to the payment of any other Distributions to any Member. Unpaid Catch-up Distribution amounts due from prior periods and the current period, shall accrue and accumulate as Cumulative Distributions and are payable as Catch-up Distribution payments in the next period in which the Company declares and pays Distributions.

### **3. CLASS B MEMBER CAPITAL ACCOUNT CREDITS**

#### **Advisor's Capital Contributions**

Our Advisor, USA BRA, has been granted a \$500,000 Capital Account Credit for work it has contributed to the Company for organizational period services which resulted in the formation of the Company and its subsidiary SLP LLCs, Land Parcel sourcing and related negotiations with land owners on behalf of the Company in its formation stage, negotiations with third party companies for various Entitlement related services to be provided to the Company and other associated matters. Additionally, USA BRA's capital account will be credited \$500,000 for Land Parcel Entitlement Completion fees it has agreed to forego in order for the Company to establish a Liquidity Feature. Accordingly, USA BRA's Capital Account will be credited a total amount of \$1,000,000 for these Capital Contributions.

**USA Barcelona Hotel Land Company I, LLC**
**Statements of Cash Flows**

	Notes	2014	2015	2016	2017
<b>Cash flows from operating activities:</b>					
Income from Sale of SLP's to New Build Affiliates	7	\$ -	\$ 8,841,600	\$ 35,501,600	\$ 14,048,000
Payment from New Builds for Refundables	8	-	1,584,360	6,656,200	2,011,600
Company Administration Expense	13	(1,200,000)	(1,275,000)	(900,000)	(225,000)
Organization Costs	9	(750,000)	-	-	-
Total Cash flows from operating activities:		(1,950,000)	9,150,960	41,257,800	15,834,600
<b>Cash flows from investing activities</b>					
Land Entitlement Costs:					
DD Step 1	16	(285,108)	(1,090,615)	(554,250)	-
Franchise	16	(211,358)	(1,028,315)	(849,800)	-
Financing	16	(175,525)	(855,434)	(1,458,015)	-
Civil	16	(88,025)	(440,467)	(642,682)	-
Structural	16	(65,165)	(578,645)	(477,450)	-
P&Z	16	(151,487)	(1,389,100)	(2,471,525)	-
Permit Application	16	-	-	-	-
Land Closing	16	-	(5,220,220)	(20,635,305)	(8,165,400)
Legal	10	(75,000)	-	-	-
Printing, Escrow, Accounting	10	(25,000)	-	-	-
Marketing	11	(150,000)	-	-	-
Not Used	na	-	-	-	-
Sales Commissions	10	(480,000)	(320,000)	-	-
Discontinued Land Parcel Entitlement Costs	12	(80,000)	(120,000)	(40,000)	-
Land Parcel Location and Acquisition Fee	14	(221,040)	(794,740)	(444,000)	-
Land Entitlement Completion Fee	15	-	-	(1,273,728)	(561,920)
		(2,007,709)	(11,837,537)	(28,846,754)	(8,727,320)
<b>Cash flows from financing activities</b>					
Class A Members' Capital	1	6,000,000	4,000,000	-	-
Loan From USA BRA - Deferred Organization Costs	2	250,000	-	-	-
Class B Members' Capital	3	501,000	353,664	146,336	-
Not Used	4	-	-	-	-
Available	na	-	-	-	-
Bank Land Loan	5	-	-	-	-
USA BRA Loan	6	500,000	-	-	-
Advances from USA BRA - Principal	17	-	-	(500,000)	-
Advances from USA BRA - Interest	17	-	-	(108,333)	-
Not Used	17	-	-	-	-
Not Used	17	-	-	-	-
Bank Land Loan - Principal	17	-	-	-	-
Bank Land Loan - Interest	17	-	-	-	-
Loan From USA BRA - Deferred Organization Costs - Principal	17	-	-	(250,000)	-
Loan From USA BRA - Deferred Organization Costs - Interest	17	-	-	(43,750)	-
Class A Members	18	-	(2,360,983)	(7,723,198)	(11,367,416)
Class B Members	18	-	(122,237)	(130,130)	(2,018,993)
Total Cash flows from financing activities		7,251,000	1,870,444	(8,609,076)	(13,386,409)
Net change in cash and cash equivalents		3,293,291	(816,132)	3,801,970	(6,279,129)
Cash and cash equivalents, beginning of period		-	3,293,291	2,477,159	6,279,129
Cash and cash equivalents, end of period		\$ 3,293,291	\$ 2,477,159	\$ 6,279,129	\$ -

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USA Barcelona Hotel Land Company I, LLC

Statements Of Operations

	Notes	2014	2015	2016	2017
<b>Income</b>					
Income from Sale of SLP's to New Build Affiliates	7	\$ -	\$ 8,841,600	\$ 35,501,600	\$ 14,048,000
Payment from New Builds for Refundables	8	-	1,584,360	6,656,200	2,011,600
Total Income		-	10,425,960	42,157,800	16,059,600
<b>Expenses</b>					
Offering Costs					
Legal	10	75,000	-	-	-
Printing, Escrow, Accounting	10	25,000	-	-	-
Marketing	11	150,000	-	-	-
Expensing Of Organization Costs	na	750,000	-	-	-
Sales Commissions	10	480,000	320,000	-	-
Discontinued Land Parcel Entitlement Costs	12	80,000	120,000	40,000	-
Company Administration Expense	13	1,200,000	1,275,000	900,000	225,000
Land Parcel Location and Acquisition Fee	14	221,040	794,740	444,000	-
Land Entitlement Completion Fee	15	-	-	1,273,728	561,920
Land Entitlement Costs:	16	976,669	10,602,797	27,089,026	8,165,400
Advances from USA BRA - Interest	17	-	-	108,333	-
Organization Period Loan from USA BRA - Interest	17	-	-	43,750	-
Chargeoff of Unamortized Organization Costs	9	-	-	-	750,000
Bank Land Loan - Interest	17	-	-	-	-
Total Expenses		3,957,709	13,112,537	29,896,838	9,702,320
Net Income		\$ (3,957,709)	\$ (2,666,577)	\$ 12,258,963	\$ 6,357,280

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USA Barcelona Hotel Land Company I, LLC

Balance Sheets

	Notes	2014	2015	2016	2017
<b>Assets</b>					
Cash		\$ -	\$ 2,477,159	\$ 6,279,129	\$ -
Other		750,000	750,000	750,000	-
Total Assets		4,043,291	3,227,159	7,029,129	-
<b>Liabilities And Members Equity</b>					
<b>Liabilities</b>					
Bank Land Loan	17	\$ -	-	-	-
Payable to BRA for Organization Period Services	2	\$ 250,000	250,000	-	-
Loan from BRA	6	\$ 500,000	500,000	-	-
Not Used	4	\$ -	-	-	-
Total Liabilities		750,000	750,000	-	-
<b>Members Equity</b>					
Class A Members' Capital	1				
Beginning Capital Account Balance		-	6,000,000	7,639,017	(84,181)
Capital Contributions	1	6,000,000	4,000,000	-	-
Less: Distributions	18	-	(2,360,983)	(7,723,198)	(11,367,416)
Ending Equity		6,000,000	7,639,017	(84,181)	(11,451,597)
Class B Members' Capital					
Beginning Capital Account Balance		-	1,251,000	1,482,427	1,498,633
Capital Contributions	3	1,251,000	353,664	146,336	-
Less: Distributions	18	-	(122,237)	(130,130)	(2,018,993)
Ending Equity		1,251,000	1,482,427	1,498,633	(520,360)
Retained Earnings:					
From Prior Period		-	(3,957,709)	(6,644,286)	5,614,677
From Current Period		(3,957,709)	(2,686,577)	12,258,963	6,357,280
Total Retained Earnings		(3,957,709)	(6,644,286)	5,614,677	11,971,957
Total Equity		3,293,291	2,477,159	7,029,129	-
Total Liabilities & Equity		\$ 4,043,291	\$ 3,227,159	\$ 7,029,129	\$ -

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## Notes to the Financial Forecast Statements

The Forecast computer model uses the following chart to correlate numbered calendar months to program months.

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2014	1	2	3	4	5	6	7	8	9	10	11	12
2015	13	14	15	16	17	18	19	20	21	22	23	24
2016	25	26	27	28	29	30	31	32	33	34	35	36
2017	37	38	39	40	41	42	43	44	45	46	47	48

### Note 1 – Class A Members' Capital

The Maximum Offering of Class A Units is \$10,000,000. The Forecast incorporates the maximum amount of capital that can be raised with these funds being received over the period June 2014 through May 2015. Amounts shown in thousands (\$000).

Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750
Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
\$ 750	\$ 750	\$ 750	\$ 750	\$ 1,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

In running sensitivity analysis of the minimum amount of capital required to execute the business plan, it was determined that \$5,500,000 of total capital, funded over the period June 2014 through September 2014 would be sufficient to execute the Company's business plan. The Forecast incorporate \$11,001,000 of capital, \$1,001,000 from the Class B Members and \$10,000,000 from the Class A Members. The actual amount raised will be dependent on several factors, mainly, staying on schedule with the Entitlement program and the possible need to close on Land Parcel Purchase Contracts prior to the assignment to New Build Affiliates.

### Note 2 – USA BRA Loan

The Class B Members are comprised of the Manager, USA Barcelona Hotel Holding Company, LLC and our Advisor, USA Barcelona Realty Advisors, LLC ("USA BRA"). USA BRA has charged the Company \$750,000 for organization period work and has agreed to contribute \$500,000 of the amount as Class B Capital and loan the balance of \$250,000 to the Company to be repaid from operating revenues. The loan will bear 10% interest. See the statements in the Forecast for assumed timing of repayment.

### Note 3 – Class B Member Capital

As stated in Note 2, USA BRA has contributed \$500,000 of the organization period reimbursements owed to it by the Company as Class B Member Capital. Additionally, in order to create a Class A Member hardship Liquidity Feature, USA BRA has agreed to waive receipt of payment of the first \$500,000 of Land Parcel Entitlement Completion Fees (approximately the initial three Land Parcel transfers to New Build Affiliates) and instead accept a credit to its Class B Member Capital Account for those amounts. Total USA BRA Capital Accounts credits will be \$1,000,000.

### Note 4 – No loan is assumed in the Forecast.

### Note 5 – Bank Land Loan

No loan is assumed to be employed in the Forecast. However, in the event the Company is required to acquire a Land Parcel, a Bank Land Loan may be employed at no more than 65% of the cash required to effect a closing on the Land Parcel.

### Note 6 – USA BRA Cash Loan

In addition to the loan made to the Company as described in Note 2, USA BRA has agreed to loan to the Company \$500,000 to enable the Company to commence its business operations prior to receiving any Proceeds from the Offering. In the event the Company receives Proceeds from the Offering in May 2014, the amount of the USA BRA loan would be diminished accordingly.

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# **Note 7 – Income from sale of SLPs to New Build Affiliates**

The Forecast calls for Land Parcels to be put under letters of intent on the schedule shown below. Resulting from that timing, it is assumed each Land Parcel will take 12 months to entitle and then be sold or assigned to a specific New Build Affiliate. That sequence of events leads to the timing of income from Land Parcel sales and assignments, as follows (dollars in the chart are shown in thousands):

Land Parcel	Land Parcel Contract Signing	Land Parcel Sale	Land Parcel Purchase Contract Amount	Sales Price to New Build Affiliate	Profit on Sale of Land Parcel
SLP 1 - Hampton Inn & Suites - Buena Park, CA - 128 keys	Dec 14	Nov 15	\$ 2,496	\$ 3,994	\$ 1,498
SLP 2 - Home2 Suites by Hilton - Azusa, CA - 107 keys	Sep 14	Aug 15	1,926	3,082	1,156
SLP 3 - Hilton Garden Inn - Claremont, CA - 136 keys	Jul 15	Jun 16	2,822	4,515	1,693
SLP 4 - Hampton Inn & St. - Cathedral City, CA - 101 keys	Jun 15	May 16	1,465	2,343	879
SLP 5 - Hampton Inn - Hesperia, CA - 80 keys	May 14	Apr 15	1,104	1,766	662
SLP 6 - Hilton Garden Inn - Rialto, CA - 136 keys	Apr 15	Mar 16	1,904	3,046	1,142
SLP 7 - Homewood Suites - Madeira Beach, FL - 93 keys	Aug 15	Jul 16	1,860	2,976	1,116
SLP 8 - Hampton Inn & St. - Maderia Beach, FL - 107 keys	Sep 15	Aug 16	2,140	3,424	1,284
SLP 9 - TBD - TBD, TBD - 107 keys	Oct 15	Sep 16	1,498	2,397	899
SLP 10 - TBD - TBD, TBD - 136 keys	Feb 15	Jan 16	2,720	4,352	1,632
SLP 11 - TBD - TBD, TBD - 131 keys	Nov 15	Oct 16	2,620	4,192	1,572
SLP 12 - TBD - TBD, TBD - 142 keys	Dec 15	Nov 16	2,840	4,544	1,704
SLP 13 - TBD - TBD, TBD - 116 keys	Jan 16	Dec 16	2,320	3,712	1,392
SLP 14 - TBD - TBD, TBD - 136 keys	Feb 16	Jan 17	2,720	4,352	1,632
SLP 15 - TBD - TBD, TBD - 148 keys	Mar 16	Feb 17	2,960	4,736	1,776
SLP 16 - TBD - TBD, TBD - 155 keys	Apr 16	Mar 17	3,100	4,960	1,860
Totals			\$ 36,495	\$ 58,391	\$ 21,897

# **Note 8 – Payment from New Build Affiliates for Refundables**

Refundables include cash expenditures that we made to enhance the value of the Land Parcel during the Entitlement Process that typically are classified as "construction period costs".

Single Land Parcels	Month Received	Amount Received
SLP 1 - Hampton Inn & Suites - Buena Park, CA - 128 keys	23 X	\$ 545,700
SLP 2 - Home2 Suites by Hilton - Azusa, CA - 107 keys	20 X	515,160
SLP 3 - Hilton Garden Inn - Claremont, CA - 136 keys	30 X	855,700
SLP 4 - Hampton Inn & St. - Cathedral City, CA - 101 keys	29 X	580,350
SLP 5 - Hampton Inn - Hesperia, CA - 80 keys	16 X	523,500
SLP 6 - Hilton Garden Inn - Rialto, CA - 136 keys	27 X	869,300
SLP 7 - Homewood Suites - Madeira Beach, FL - 93 keys	31 X	665,750
SLP 8 - Hampton Inn & St. - Maderia Beach, FL - 107 keys	32 X	662,300
SLP 9 - TBD - TBD, TBD - 107 keys	33	514,800
SLP 10 - TBD - TBD, TBD - 136 keys	25	516,400
SLP 11 - TBD - TBD, TBD - 131 keys	34	664,400
SLP 12 - TBD - TBD, TBD - 142 keys	35	668,800
SLP 13 - TBD - TBD, TBD - 116 keys	36	658,400
SLP 14 - TBD - TBD, TBD - 136 keys	37	666,400
SLP 15 - TBD - TBD, TBD - 148 keys	38	671,200
SLP 16 - TBD - TBD, TBD - 155 keys	39	674,000

Total Amount of Refundables Payments Received From New Build Affiliates \$ 10,252,160

x" - A Land Parcel specified in the Offering. The economics for all unspecified Land Parcels are based on actual prospective Land Parcels under consideration by the Company.

#### **Note 9 – Organization Costs**

These costs are capitalized and charged to earnings in the final period in the Forecast. Also see Note 2.

#### **Note 10 – Offering Costs**

Legal - Offering Expenses in an amount up to 1% of Offering Proceeds may be paid by the Company for legal, accounting, escrow, printing and other related expenses. \$75,000 has been allocated to Legal expenses associated with the Offering.

Printing, Escrow and Accounting Expenses – \$25,000 has been allocated to this classification of Offering Costs

Sales Commissions - The Company is offering and selling, to Accredited Investors only, up to 10,000 Class A Units at \$1,000 per Class A Unit. There is no minimum Offering. Each Subscriber's funds will be placed in an escrow account at Alliance Bank of Arizona in Phoenix, Arizona until the Company accepts the Subscriber as a Class A Member. Purchasers must purchase a minimum of 100 Class A Units at \$1,000 per Class A Unit (\$100,000), except that we may permit investments of a lesser amount in our discretion. We also intend to sell Class A Units to Eligible Persons, who may include our Affiliates, at a Modified Price of not less than \$920 per Class A Unit. The Class A Units are being offered by members of management of the Company on a "best efforts" basis, who will receive no compensation related to their sales activities. Offering fees and commissions of up to 8% of the Subscription Purchase Price may be paid by the Company on Class A Units sold in this Offering where sales are made by securities dealers and other Selling Agents legally authorized to receive such compensation. If costs, fees or expenses of the Offering exceed the percentages of Offering proceeds allocated for those items, the Manager may pay any excess amounts from its own funds. The Company will not pay offering commissions or custodian fees relating to Class A Units sold at the Modified Price. Regarding purchases of Class A Units by IRAs, if applicable, the Company will pay a one-time fee to the associated IRA custodian of up to \$500, which payment will be deducted from any commissions otherwise due on the sale of the associated Class A Units. Offering commissions on Class A Unit sales and IRA custodian payments will be paid from Offering Proceeds based on sales of Class A Units accepted by the Company during the Offering Period.

#### **Note 11 – Marketing of the Offering**

From Company operating revenues and proceeds from loans made to the Company, this is an allowance for costs associated with marketing the Offering through the broker dealer community and for other costs otherwise associated with promoting the Offering such as general solicitation related costs, as allowed under Section 4(a)(2) of the Act, Rule 506(c).

#### **Note 12 – Discontinued Land Parcel Entitlement Costs**

An allowance is made in the Forecast for costs associated with Land Parcels that do not make it through the Due Diligence step. This allowance is \$10,000 a month for the twenty four month period Land Parcels are Forecast to be undergoing Entitlement work.

#### **Note 13 – Company Administration Expense**

Advisor will be paid a Program Management Fee of \$150,000 a month commencing May, 2014 through May, 2015 and \$75,000 a month thereafter through the month in which the final Land Parcel sale or assignment occurs. It is important to understand the scope of work required to execute the Company's business plan and to relate that body of work to the costs required to conduct the Company's business. (See the Memorandum, Section V. Business Plan and Section VIII. About Our Advisor – USA Barcelona Realty Advisors, LLC.)

#### **Note 14 – Land Parcel Location And Acquisition Fee**

Under the Advisory Agreement, USA BRA is also entitled to four percent (4%) of the purchase price called for in the Land Parcel Purchase Contract of each Land Parcel arranged for the Company.

#### **Note 15 – Land Parcel Entitlement Completion Fee**

Under the Advisory Agreement, USA BRA is also entitled to an Land Parcel Entitlement Completion Fee of 4% of the sales price or the assignment value of each Land Parcel to a New Build Affiliate.

#### **Note 16 – Land Parcel Entitlement Costs**

The Company's business plan takes each Land Parcel through a series of value enhancing steps which, in aggregate, we refer to as the Entitlement Process. Each Land Parcel will have an Entitlement Period budget that incorporates the following major line items, which are associated with steps in the Entitlement Process:

- o Land Parcel Contract executed between the Company or a SLP LLC and the land owner.
- o Preliminary Due Diligence – The initial 60 days under contract will involve numerous internal and third party contractor studies and confirmations.
- o Franchise – Hotel franchise application and franchisor approval obtained.
- o Financing – Lender approval obtained for construction and mini-perm financing.
- o General Contractor engaged and final construction budget and construction schedule developed.
- o Civil Engineering – Civil engineering work completed and submitted to appropriate municipal authorities for review and approval.
- o Structural and Design – Structural engineering and architectural work completed and submitted to appropriate municipal authorities for permit review and approval.
- o Planning & Zoning approvals obtained.

The following is an example of an Entitlement Budget (this is the Azusa, California budget):

Land Deposits	\$ 134,820
Internal Feasibility Charge	-
Structural/MEP Engineering	-
Architectural Design	175,000
Building Permit Application	-
Civil Engineering Design	40,660
Available	-
Construction Loan Sourcing	20,000
Environmental Study & Geo Tech	17,500
Financing Study (Internal Chg)	-
Franchise Exploration	5,000
Franchise Fee	72,500
Market Feasibility Study (STR and PKF)	20,000
Legal	50,000
Bank Loan Commitment Fee	82,500
Land Closing	-
Interior Design	25,000
Other	-
Other	-
Other Engineering & Design Work	-
Planning & Zoning	10,000
Site Plan - Preliminary	5,000
Soils Study	7,500
Traffic Study	8,500
Utility Study	6,500
<b>Total Land Parcel Entitlement Budget</b>	<b>\$ 680,480</b>

In the Forecast's Statement of Cash Flows, "Land Closing" is shown as a sub-item cost under Land Entitlement Costs. That selection of disclosure is an accommodation to the manner in which the economic model for the Forecast is constructed. In fact, the Company does not intend to acquire any Land Parcels, rather, we plan to control them through the Land Parcel Purchase Contracts and upon completion of the Entitlement process, sell or assign each Land Parcel to a New Build Affiliate. Whether we "sell" a Land Parcel, or "assign" to a New Build Affiliate the related transaction between the Company and the New Build Affiliate will be based on:

- ✓ For a Land Parcel acquired by the Company during the Entitlement Period, we will "sell" the Land Parcel to a New Build Affiliate at a price equal to the appraised value of the Land Parcel at the time of the sale, or
- ✓ For a Land Parcel which the Company has not yet acquired, but controls under terms of the Land Parcel Purchase Contract, and for which we complete Entitlement, the Company will "assign" the Land Parcel Purchase Contract to a New Build Affiliate for a cash price that represents the difference between the appraised value of the Land Parcel at the time of assignment, and the amount due to the seller under the Land Parcel Purchase Contract.

#### Note 17 – Repayment Of Loans

Loans to the Company	Interest		
	Rate	Principal	Interest
Advances from USA BRA	10.0%	\$ 500,000	\$ 108,333
Other Loans	na	na	na
Bank Land Loan	na	na	na
Loan From USA BRA – Deferred Organization Costs	10.0%	250,000	43,750

See the Forecast financial statements for timing of Loan Repayments

#### Note 18 – Distributions

Each Class B Unit holder's Capital Account will be initially established in the amount of the purchase price paid for the Class B Units (\$1,000) plus any applicable Capital Account Credits granted by the Company to USA BRA as described below.

Our Advisor, USA BRA, has been granted a \$500,000 Capital Account Credit for work it has contributed to the Company for organizational period services which resulted in the formation of the Company and its subsidiary SLP LLCs, Land Parcel sourcing and related negotiations with land owners on behalf of the Company in its formation stage, negotiations with third party companies for various Entitlement related services to be provided to the Company and other associated matters. Additionally, USA BRA's capital account will be credited \$500,000 for Land Parcel Entitlement Completion fees it has agreed to forego in order for the Company to establish a Class A Member Liquidity Feature. Accordingly, USA BRA's Capital Account will be credited a total amount of \$1,000,000.

For the purpose of computing Distribution amounts due to all Units (including the Class A Units and the Class B Units), each Unit holder's capital account shall be reduced by Distributions received as Return Of Capital Distributions, but not for Distributions received as Catch-up Distributions, 8% Priority Distributions or Additional 5% Distributions. In any period in which a Distribution is made, for the purpose of calculating the amount of Distribution due to each Unit holder, the "8% Priority Distribution" and the "Additional 5% Distribution" shall be made based on the Unit holder's Initial Capital Account Balance until such time as the Unit holder's Capital Account is reduced to zero as a result of reductions created by Return Of Capital Distributions. The 8% Priority Distribution and the 5% Additional Distribution shall be eliminated following the Unit holder's Capital Account being reduced to zero.

**Distribution of Net Cash Flow.** Commencing in the second quarter of 2015, as soon as practicable after the end of each quarter of the fiscal year, and, as to year-end distributions, in no event later than ninety (90) days after the end of each fiscal year, the Company plans to make Distributions as determined by the Manager in the following order of priority:

- (a) If at any time all accrued Cumulative Distributions from prior periods have not been made, the first Distribution shall be the "Catchup Distribution"; however, no Catchup Distributions shall be made if all accrued Cumulative Distributions from prior periods have been made. Any Catchup Distributions must be made: (i) first, 100% to the Class A Units until they have received all accrued Cumulative Distributions due from prior periods; and thereafter, (ii) 100% to the Class B Units until they have received all accrued Cumulative Distributions due from prior periods.
- (b) If no Catchup Distributions are due, the first Distribution shall be the "8% Priority Distribution", and shall be made: (i) 100% to the Class A Units until the holders of Class A Units have received a cumulative 8% return on their Initial Capital Account; and thereafter, (ii) 100% to the Class B Units until the holders of Class B Units have received a cumulative 8% return on their Initial Capital Account. The 8% Priority Distribution is Cumulative; thereafter,
- (c) The second Distribution shall be the "Additional 5% Distribution", and shall be made: (i) 100% to the Class A Units until the holders of Class A Units have received a cumulative additional 5% return on their Initial Capital Account; and thereafter, (ii) 100% to the Class B Units until the holders of Class B Units have received a cumulative 5% return on their Initial Capital Account. The Additional 5% Distribution is Cumulative; thereafter,
- (d) The third Distribution shall be the "Return of Capital Distribution", and shall be made: (i) 100% to the Class A Units until their Adjusted Capital Account balances are zero; and thereafter, to the Class B Units until their Adjusted Capital Account balances are zero; and thereafter,
- (e) The fourth Distribution shall be the "Final Distribution" and shall be made 90% to the Class A Units as a Class and 10% to the Class B Units as a Class.

Cumulative Distributions means in any period in which Distributions are declared by the Company, the first payment of Distributions shall be those accrued from prior periods and (i) due to the Class A Members and Class B Members under the 8% Priority Distribution, and (ii) due to Class A Members and Class B Members under the 5% Additional Distribution. Such payments shall be classified as Catch-up Distribution payments and shall be paid in full prior to the payment of any other Distributions to any Member. Unpaid Catch-up Distribution amounts due from prior periods and the current period, shall accrue and accumulate as Cumulative Distributions and are payable as Catch-up Distribution payments in the next period in which the Company declares and pays Distributions.

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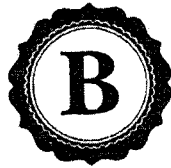
The following table summarizes Distributions, under the Maximum Offering of \$10,000,000, among the Class A Members and Class B Member, by year, as derived from the Forecast Statements:

Dist Step	Summary Of Cash Distributions	Totals	2014	2015	2016	2017
(a)	To Class A Members	\$ -	\$ -	\$ -	\$ -	\$ -
	To Class B Members	-	-	-	-	-
(b)	To Class A Members	1,576,653	-	900,061	628,659	47,933
	To Class B Members	170,698	-	70,598	80,080	20,020
(c)	To Class A Members	985,408	-	562,538	392,912	29,958
	To Class B Members	110,861	-	48,299	50,050	12,513
(d)	To Class A Members	10,000,000	-	901,724	6,701,628	2,396,649
	To Class B Members	1,001,000	-	-	-	1,001,000
(e)	To Class A Members	8,890,503	-	-	-	8,890,503
	To Class B Members	987,834	-	-	-	987,834
	To Class A Members	21,452,564	-	2,364,323	7,723,198	11,365,043
	To Class B Members	2,270,393	-	118,897	130,130	2,021,366
Totals		\$ 23,722,957	\$ -	\$ 2,483,220	\$ 7,853,328	\$ 13,386,409

The Company is an operating company dealing in the land acquisition and Land Parcel Entitlement business. The Land Parcels have a lifecycle of 12 months with the Company. At the end of their Entitlement Period with the Company they are sold or assigned to a New Build Affiliates. At that time, each Land Parcel generates a substantial return on cost to the company. The Maximum Offering provides approximately \$4,000,000 of surplus capital to the Company over planned requirements. This is demonstrated in the following chart which shows the results of the Company operating with \$6,000,000 of Proceeds from the Offering (Case B) and with \$10,000,000, the maximum amount of the Offering (Case A).

Revenues	Case B \$6MM Raise	Case A Maximum Raise
USA BRA Loan	\$ 500,000	\$ 500,000
Class A Members' Capital	6,000,000	10,000,000
Class B Members' Capital	1,000,000	1,001,000
Not Used	-	-
Loan From USA BRA - Deferred Organization Costs	250,000	250,000
Bank Land Loan	-	-
Income from Sale of SLP's to New Build Affiliates	58,391,200	58,391,200
Payment from New Builds for Refundables	10,252,160	10,252,160
	<u>76,393,360</u>	<u>80,394,360</u>
Expenses		
Organization Costs	750,000	750,000
Offering Costs	970,000	1,290,000
Company Administration Expense	3,450,000	3,600,000
Land Parcel Location and Acquisition Fee	1,459,780	1,459,780
Land Entitlement Completion Fee	1,835,648	1,835,648
Land & Land Entitlement Costs	46,831,392	46,833,892
Debt Retirement (P&I)	900,000	902,083
Distributions		
Class A Members	<i>Return Multiple</i> <u>Case A</u> <u>Case B</u>	
	296.47%	214.52%
Class B Members		
	17,788,133	21,451,597
	2,408,407	2,271,360
	<u>\$ 76,393,360</u>	<u>\$ 80,394,360</u>

The Company's Manager will endeavor to moderate the raise of Class A Capital under the Offering to match up with planned uses of funds and to establish sufficient reserves for foreseeable contingencies such as the need to acquire a Land Parcel. Accordingly, the Maximum amount of Class A Units allowed under the Offering may not be sold.



**USA Barcelona**  
HOTEL LAND COMPANY I

**ACC005947**  
**FILE #8503**



April 23<sup>rd</sup>, 2013 USA Barcelona Realty Advisors Meeting - Agenda

Ex 4 A

**1. USA Barcelona Realty Advisors, LLC. ("USA Advisors") matters (11:00 to 12:05)**

- ✓ Overview of the role of an "Advisory Company" in the REIT world
- ✓ Our Operating Agreement – key point review
- ✓ Our Operating Budget - Overview
- ✓ \$1MM Offering - Status
- ✓ Concept - Employee Options for Ownership & Vesting
- ✓ Overview of Standard Business Practices
- ✓ Status of Company computer based systems and software
- ✓ Executive Members – Overview of Responsibilities & Functions
- ✓ Advisors to the USA Advisors – who they are and what they do
- ✓ Staffing Plan – Positions and timing for filling the slots
  - Communication – NAREIT, BOD, Advisors to BOD, RIA, BD and Investor Relations -
  - Property Acquisition – Three Regions, three persons
  - Financial Management – Accounting, Capital Markets, Treasury
  - Records and Information Systems –
    - Internal Systems
      - Acquisition Candidate Property Data Base
      - Acquired Properties data base
      - Investment Properties data base
      - Investor, RIA and BD data base
    - External Access Systems
      - Investor, BD and RIA portal
      - "Insider" portal
  - Capital Markets
    - Debt
    - Equity
  - SAM Relations –
  - Glue in the Seams –

**2. Lunch (12:15 to 1:00)**

- ✓ Presentation of the overall business environment as relates to what we are undertaking in the (i) hotel and apartment sectors, and (ii) related capital markets.
- ✓ Looking at our business plan – what are the key pieces and how well are we prepared to execute each piece.
  - Business Planning
  - Management
  - Finance Plan
  - Acquisition Plan
  - Records
  - Communication
  - Reporting
    - Internal
    - External
- ✓ Are we a one-cycle or two-cycle company?

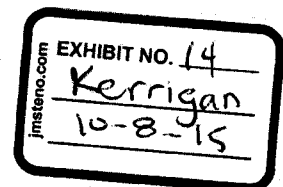


EXHIBIT 37  
DATE \_\_\_\_\_  
Karen L. Kessler, RPR, CR No. 50821

### **3. USA Barcelona Realty, Inc. ("USA BR") matters (1:00 to 2:00)**

- ✓ Status Of completion of the Confidential Private Placement Memorandum.. Handout 1
- ✓ \$70,000,000 Offering – Projected Schedule of "Raise"
- ✓ Planned Weekly Webinars - for marketing to RIAs and BDs
- ✓ Status of engagement with company auditor firm
- ✓ Status of Marketing Materials for use by Allen Weintraub .. Handout 2 & 3
- ✓ Discussion of how officers, directors and advisors to the BOD's of USA REIT may participate in introducing prospective investors to the USA BR Offering.
  - Matter of Compensation
  - Matter of Materials that may be used with prospective investor
- ✓ Review of the USA BR Offering – what's in the Offering Memorandum and the roadmap through the key investment issues.
- ✓ Property Acquisition Plan
  - Property Type – planned mix
  - Targeted SAMs – Hotels, Apartments, other real estate types
  - Planned property contracting and closing schedule
- ✓ Types of real estate transactions USA BR may pursue
  - Acquisition
  - Joint Venture & Partnership
  - Mezzanine
  - Syndication
  - Contract for Delivery
- ✓ Capital Plans for beyond the Initial \$70MM Offering
  - Secondary Equity Offering
  - Corporate Debt Offering
  - Syndication of corporate owned properties
  - Next Fund
- ✓ Selection of Officers, Directors and Advisors for USA BR
  - Officers
  - Directors
  - Advisors
- ✓ Status of Personal Confidentiality Statement to be provided to Charlie by each officer, director and advisor to the BODs. (IMPORTANT - each person who is required to complete this form should have it done and submitted via mail or email to Charlie by the date of this meeting or bring their completed form for hand delivery to Charlie at the meeting.)

### **3. Insurance Matters (2:00 – 2:15)**

#### **USA Advisors**

- ✓ Employee Health Insurance
- ✓ Directors and Officers Insurance
- ✓ Errors & Omissions Insurance

#### **USA REIT**

- ✓ Directors and Officers Insurance
- ✓ Errors & Omissions Insurance

### **4. Other Matters - 2:15 to 2:30**



**Barcelona**  
ADMINISTRATION COMPANY

### Barcelona Update

Monday - October 15, 2012

As to the \$20,000 "insider Loan", \$15,000 is committed and there is some "noodling" on the other \$5,000 piece. Looking at the needs for immediate cash, \$15,000 may be all I put out depending on when the first two BAC \$20K Units (see below) look like they will translate to "good funds".

As to the \$1,000,000 BAC Offering, I will likely recommend that we offer release only \$500,000 as there is no forecasted need for more. We can always put out more as and if needed.

Of the \$500,000, \$290,000 is committed. \$250,000 of that will not fund till approx November 10th. Of the balance of \$40,000 in commitments, there are two \$20K units. Each is coming from retirement accts; Those will take a week or so to fund from subscription date(s). They will be subscribed over course of the next day or so. There are a number of others who will arrange for the placement of some BAC Units.

The funds derived from the \$20,000 "Insider" offering are evidenced by 90 day notes and will be paid from BAC offering proceeds. There is no minimum for the BAC offering so those funds are good for our use as they are subscribed and clear the bank. *I will likely recommend that we repay the insider loans earlier than 90 days based on how the schedule of placement of the BAC Units unfolds.*

But we simply need some capital now which is why I made the \$20,000 Insider Offer a week ago. I will get our Loan Documents to you late today or first thing tomorrow as Charlie will first review the doc set I have crafted.

In general, resulting from the meeting held a week ago Saturday, we are making good progress. There are meetings being set up several of us (which is what I have asked people to do rather than trying to explain our company themselves) for me to made presentations.

By the way, I have a working lunch with Dawn at her office tomorrow. Would you like me to schedule you for a telephone chat with her during that time? We'll meet from 12:00 to 1:30 or so.

Also, I'd appreciate it if you'd give some thought to how much time you could allocate to Barcelona matters on a monthly basis. I'd like to discuss you taking on one of the Executive Member slots in Barcelona Administration Company. That brings some benefits with it and would require some meaningful time on an ongoing basis. The three (we may have 4) Exec Mgrs call the shots for BAC which makes recommendations to the REIT's BOD's as to each and all matters BAC undertakes for the REIT.

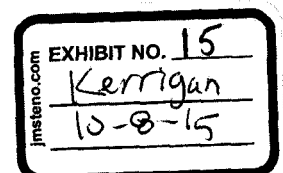
See the BAC PPM which you received a copy of at the October 6<sup>th</sup> meeting

pages 57 - Article VI - Rights and Duties of Manager; Executive Committee Management; page 58 - Major Decisions; page 63 - Executive Committee -

1. This section gets into how things work between the Manager and the Executive Committee.
2. Section 9.18(h)(i) gets into Executive Committee comp.
3. Additionally, the Executive Committee members will receive stock options to the REIT's Common Stock allocation to BAC (BAC will own up to 30% of the Common Stock of BRI 2013).

Best .. Dick

EXHIBIT 38  
DATE \_\_\_\_\_  
Karen L. Kessler, RPR, CR No. 50821





**Barcelona**  
ADMINISTRATION COMPANY

Barcelona Update

Monday - October 15, 2012

### Major Events In The Works

**Securities matters** – I am finishing the rewrite of the Barcelona Realty Investors 2013 REIT Private Offering Memorandum. Another two days and it will be shipped to Charlie for his work.

**Posting of the Barcelona Realty Investors 2013 REIT Private Offering Memorandum on the Fidelity Investments site.** This is one of the things Allen will be doing once Charlie's firm has completed the BRI 2013 offering documents. We are shooting to have this done by mid-December.

**Property Acquisition and JV Candidates** – There are several ways in which our REIT can invest in a property.

**Apartment acquisition candidates (\$65,000,000 allocated)** – I will be focusing on this mission in concert with Lincoln Properties. Too, Bruce Orr may play a role in this asset sector. We are targeting four (possibly five) properties.

**Hotel acquisition candidates (\$55,000,000 allocated) –**

**Marriott Hotels** - Concord Hospitality will be visited by me shortly for purpose of discussing potential Marriott Hotels we can acquire from their portfolio. That trip to Raleigh NC will be held by the end of this month. We'd like to acquire one or two Marriott select service hotels.

**Hilton Garden Inns** - Dawn Berry and I are meeting tomorrow and we will review our portfolio mix of apartments and hotels. Within the hotel component we will revisit several Hilton Garden Inn properties that are high on our list and ARE OWNED BY Dawn's partners and others for whom she manages properties. We'd like to acquire two to four Hilton Garden Inns.

**Development Property Candidates** – I will be meeting with Bruce Orr to develop the method we will employ for JV'g the hotel component (i) mixed use and (ii) our approach to (a) land JV's or (b) forward commitments on stand-alone new construction hotels.

**Golf Properties** – There is an interest on our part in having a top-drawer golf property in the portfolio. Maybe more than one. To date, nothing has surfaced that deserves a look.

**Property Debt –**

**Credit Facility** - I am in discussions with an investment banker regarding employing a syndicate or credit facility comprised of commercial banks to provide leverage on our Properties. Such a facility is common practice for large property portfolios. Generally, the facility expands as each property is acquired for "all cash" and added to the portfolio of assets. The credit facility is used by us to acquire properties which are added to the financed property portfolio. When we near the point of exhausting the credit facility, we conduct a secondary or follow-on offering of our Equity

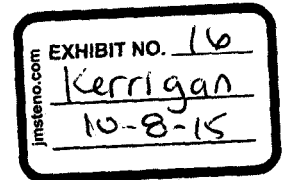
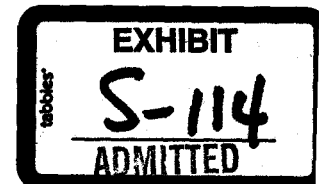


EXHIBIT 39  
DATE Karen L. Kessler, RPR, CR No. 50821



Units and use the proceeds to pay down the credit facility, thereby recharging the credit availability in the facility. And that revolution of events continues as the Fund grows.

**CMBS Loans** – Our affiliate, Steve Gold will be arranging any CMBS financing needs we have for individual or portfolio property purchases.

**In-place assumable debt financing** – Some properties we acquire may have suitable debt already in place. Some of the Hilton Garden Inns on our due diligence list fall into that category.

**Barcelona Administration Company Offering** - There are meetings being set up for BAC Unit presentations. I am hosting one tomorrow at 9AM that was arranged by Jerry Austin.

I will likely recommend that we release only \$500,000 as there is no forecasted need for more. We can always put out more as and if needed.

Of the \$500,000, \$290,000 is committed. \$250,000 of that will not fund till approx November 10th. Of the balance of \$40,000 in commitments, there are two \$20K units. Each is coming from retirement accts; Those will take a week or so to fund from subscription date(s). They will be subscribed over course of the next day or so. There are a number of others who will arrange for the placement of some BAC Units.

**\$20,000 "Insider Loan"** - \$15,000 is committed and there is some "noodling" on the other \$5,000 piece. Those committed pieces need to fund up ASAP.

The funds derived from the \$20,000 "Insider" offering are evidenced by 90 day notes and will be paid from BAC offering proceeds. There is no minimum for the BAC offering so those funds are good for our use as they are subscribed and clear the bank. I will recommend to the Executive Committee that we repay the insider loans earlier than 90 days based on how the schedule of placement of the BAC Units unfolds.

**Nine Days After the October 6<sup>th</sup> Meeting** - In general, in the time frame from the meeting we held a week ago Saturday to now, we are making good progress.

**Road Map** - From "Now" through First Quarter 2014. "Busy" will be a gross understatement.

Major Events	'12-Q4	'13-Q1	'13-Q2	'13-Q3	'13-Q4	'14-Q1
Internal Organization						
Selection Directors & Officers						
Securities Offering – BAC						
Securities Offering - BRI 2013						
Property Selections						
Property Acquisition						
Property Closings						

Best

Dick

February 1, 2014

Patrick, Tom, Bruce, Jeff, Connie, Glenn, Paul, Rod, Bob, Rich, Jim:

A Talking Paper for your review and use in conversation with BDs, investors, RIAs, and others. Review this and then let's go over it and the many points that spring from it.

### Talking Paper – HC-I Program and beyond

We are developing a plan to incorporate a number of undeveloped land parcels that we have studied and preliminarily find suitable for the development of a Marriott, Hilton or Hyatt (select service in most if not all cases). Before we go to Land Purchase Letter Of Intent, a franchise company (Marriott, Hilton or Hyatt) would have reviewed the site and opined it suitable for one of their flags

The initial program (which we refer to as "HC-I") will incorporate up to 16 land parcels, each added to the program on a sequential basis over 12 to 18 months, each taking 12 to 18 months to entitle and each being sold to a single purpose New Build syndication LLC that will construct, own and operate a hotel.

The end game is to liquidate each hotel, when fully stabilized, into a C corp that will acquire, own and operate, and declare REIT status.

So the plan has three steps.

1. Contract to acquire sites, entitle them and sell them to Single Property New Build entities. At this step HC-I is the managing member of 16 SP LLCs. An investor group is involved in HC-I and they will be incrementally liquidated out as each Land Parcel is assigned to a New Build entity. The incremental value creation is the business objective of HC-I.
2. New Build LLCs close on the Land Parcel they obtain from HC-I and pay HC-I the spread between Appraised Value and the Land Contract amount owed to the initial seller. That "value step-up" needs to be between 50% and 60% for the program to work for the HC-I investors and us as the sponsor.
3. After New Build LLC constructs, ramps up and stabilizes its hotel, it liquidates it to our C corp "catcher" company, which will operate as a REIT. When the REIT reaches sufficient asset size, it will look to conduct an IPO. The HC program will continue as will the New Build program, both as the foundation of the growth of the asset base of the REIT.

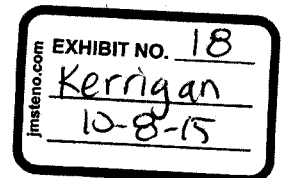
That is the first part of the Master Plan. HC-I's 16 sites turn into about \$350MM of hotels at stabilized values.

HC-I begins and ends over a 24 to 30 month period. Given each hotel takes 12 months to build, the last one is finished in month 42. Given a 12 month ramp-up period and three years of operation to the point of liquidation, the last New Build LLC sales to the REIT in month 90.

But along that path, HC-2, HC-3 etc are feeding hotels through the system and eventually to the REIT. Plus, somewhere along the way, acquisition of "other" hotels should occur. We simply don't think now is ideal to be in the acquisition of "other's" hotels.

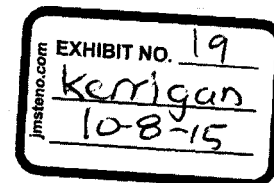


EXHIBIT 41  
DATE \_\_\_\_\_  
Karen L. Kessler, RPR, CR No. 50821



## Dick Harkins

**From:** Dick Harkins  
**Sent:** Wednesday, July 09, 2014 11:41 AM  
**To:** 'G. Tom Simmons'; Rod Eaves; Bruce Orr; Robert Kerrigan  
**Cc:** Jeff Teets; Connie Cook; Paul Meka; Glenn Erler; Dick Harkins  
**Subject:** State Of The Company



Been a little rough lately. Not out of the woods yet. But, we are going to be fine.

- As you all know, the University Of Wisconsin Madison (its endowment fund) is considering a sizable (\$1,000,000) purchase of Units in the Hotel Land Fund. Their advisor has reviewed our Offering which led to a lengthy call with them yesterday. The advisor will be making its comments/recommendations to the University's Foundation Board shortly and the decision to invest will be on the Board's agenda on their July 22 meeting. Bob Kerrigan is on that Board and will be attending the meeting.
- The advisor is a RIA firm in Wisconsin that manages over \$3.58B of funds for numerous parties. They indicated an interest in our New Build single property offerings and possibly other clients that may be suitable for the Land Fund.
- We may be amending the makeup of the Executive Committee in the near future. That's not a teaser statement but simply a fact.
- As things stand today, everyone that works for the company has an important contributory role. We are down to those who "can" and those who "get it". While Jeff is vastly underutilized currently, that will change shortly as we pursue bank financing for three properties and commence work of the initial new build syndication.
- We told Kevin Coleman that we were not going to pursue the Azusa project but certainly had in interest in others that involved the Lewis Companies.
- We have a keen interest in working with the owner of the McCormick Ranch Golf Course to see if it is feasible to construct a hotel on that property that would incorporate the golf clubhouse operations. That will take some three to four months to determine if such an undertaking makes sense. The City Of Scottsdale and other parties will come into play on this one.
- Sky Song remains on our front burner as a possible "initial project" for us. There remain some unknowns on this project but those matters should wash through over the next 60 days. Having the knowledge and some vision to see what that end of town looks like two years from now is "key" as is availability of a franchise that we would want.
- Some of us will be out this Friday as we have a meeting in Prescott with a developer who wants a hotel on his property. There are some interesting twists and turns with this opportunity so we'll keep you posted. It clearly is not our Number 1 but could make the top 10.
- We await an introduction by Chanen to an interested prospective JV partner. Our best guess is we'll know more about that next week.

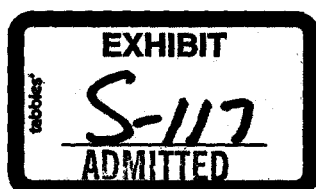


EXHIBIT 42  
DATE \_\_\_\_\_  
Karen L. Kessler, RPR, CR No. 50821

- Bob continues to pursue capital for us and we look to that as the short-term solution to getting our feet back under us.

Essential today is to keep our wits about us. While some of us are in this as a Venture., I know others of us are not positioned to be able to handle such a voyage. Getting paid on a predictable and timely basis is essential. I know that. All of the X-Members know that. Our needs in fact are not dissimilar to those of the rest of our Team.

What's important now is we keep a clear vision of the opportunities we have and select the one(s) we can handle .. of utmost importance .. we need to move off the dime and get some projects (one at a time but not too far apart) moving.

Connie, Paul , Jeff and Glen .. you're all essential to what we're doing here. Rod, Bob, Tom, Bruce and I are developing a tight schedule of events that have a strong focus. We will not do this in a fashion that doesn't include everyone.

Here is an invitation:

**If I'm not involving you, or am and you don't like something about the project, or you simply think I "just don't get it" .. SPEAK UP LOUD AND CLEAR. You know me. I believe in what I believe. If you disagree, disagree. But don't talk to other s about it and don't come back to me months later and say .. "I disagreed with that way back when".. That one simply doesn't work. Not for me and not for anybody.**

Think of this as a new start. Take that invitation and us it.

We're at the right size now with the right people. We can do whatever we choose with who we have. And, we'll go about things a little differently with our new start. We'll be better. In fact, we already are.

Thanks for being on the Team.

Dick

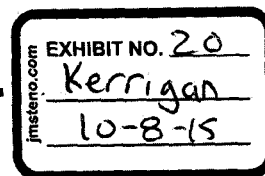
**Richard C. Harkins**  
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**Dick Harkins**



**From:** Dick Harkins  
**Sent:** Tuesday, August 05, 2014 1:13 PM  
**To:** 'G. Tom Simmons'; Rod Eaves  
**Subject:** Essential activities

**Projects:**

As for Sky Song and McCormick, the economic viability determination falls in my camp, to be reviewed with you guys. We obviously are a ways away from determining that for either project. Studies and design work have to be undertaken soon. I'd budget that with some careful thought. Rod and I can develop the timing schedules and budgets for initial study period.

Logistics and beach clearing can be on your (you and Rod) side of the ledger. The Planning and scheduling of capital expenditures for both projects will have to come through me, working in concert with the Stage 1 development needs of each project.

We will need to bring into play some conceptual layouts of the McCormick site. Story boards will be essential in a show and tell with any outside group. That brings into question the interviewing of architects and engineers. Vern Swayback's firm is suggested by Steve Chanen (for conceptual drawings and architectural design .. but they are expensive .. Steve said that the City of Scottsdale likes them a lot; so, that should be a strong consideration, along with civil engineers and attorney).

**Capital:**

I'm thinking that Chanen may entertain a JV on either project; possibly both. Suggest we all discuss this later today. If it seems like a good idea, possibly bring Betts into a discussion on the topic. Stewart may be willing to JV to the extent of providing some of the front-end capital. Nothing ventured in a discussion with him on that topic. I think a full project development period budget should be developed first.

Such a budget will fall out of the scheduling event plan for the project.

**"Diminished Role Impact":**

With Tom and Rod next week, especially come the 15<sup>th</sup> of next week, that being when Kerrigan needs to have \$62,500 in on the 15<sup>th</sup>, we need to reinforce with him that need absolutely must be met.

Yes, with the two of you out next week, there will be a challenging environment here, given the several projects we have going (sites and internal matters). However, I can handle the matters that I am focused on. The two of you need to position what you are doing and those on the outside with whom you are dealing so as there is a clear understanding as to "skipping the week", so to speak. I'd prefer not to be put into a situation of dealing with the Sky Song project as I have not been on the forefront of that one. Whatever may come up on McCormick is ok.

**Our 6 Month Plan and what we Offer an Investor**

This week, we must develop in presentable form what it is we need for a 6 month period for both operations and deal capital; and, what we will offer to an investor that will provide that capital.

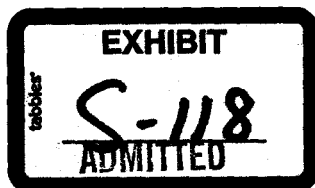


EXHIBIT 43  
DATE \_\_\_\_\_  
Karen L. Kessler, RPR, CR No. 50821

This will involve restructuring our debt. I am working on that currently and plan to have in ready for discussion late today.

#### Meeting Friday with Steve Jurich/IQ Wealth

Charlie will be in Friday after 3PM to join in the talks with Steve, as relates to developing a structure that gives him some access to allocations and distributions from anything of ours that he sells into.

#### Patrick and Bruce:

The Bruce and Patrick issues should be resolved to conclusion prior to Tom's departure (hence, done by the end of this week to all parties satisfaction).

Sky Song should also be positioned so Plaza and ASU Foundation both know that next week is off the table for discussions.

**Richard C. Harkins**  
**USA Barcelona Realty Advisors**  
480.625.4355 Phone

**From:** G. Tom Simmons [mailto:gtomsimmons@ ]  
**Sent:** Monday, August 04, 2014 4:56 PM  
**To:** Dick Harkins; Robert Kerrigan; Rod Eaves  
**Cc:** Paul Meka; Connie Cook; Glenn Erler  
**Subject:** Re: Our little raft and its mission

I'll handle the first draft of a letter to existing investors. Rod and I can handle the McCormick Ranch GC efforts for now (Dick later same as with Sky Song). Even though I will be traveling from 8/12 through 8/22, I will be available by phone and email, so other than attending meetings in person, there should be no "diminished role" impact. I remind everyone that Rod will also be away 8/11 through 8/15. Finally, even though \$300K is a good target need for operating capital over the next 60 days, Bob needs to have \$62K of it in before 8/15 and another \$85K in before 9/1; these are firm requirements.

Tom

-----Original Message-----

**From:** Dick Harkins <dharkins@usabarcelonara.com>  
**To:** Robert Kerrigan <RKerrigan@usabarcelonara.com>; G. Tom Simmons <gtomsimmons@ > Rod Eaves <reaves@usabarcelonara.com>  
**Cc:** Paul Meka <pmeka@usabarcelonara.com>; Connie Cook <ccook@usabarcelonara.com>; Glenn Erler <gerler@usabarcelonara.com>; Dick Harkins <dharkins@usabarcelonara.com>  
**Sent:** Mon, Aug 4, 2014 3:38 pm  
**Subject:** Our little raft and its mission

I want to clear the air and move forward so we can operate the business.

- Our Team - Rod, myself, Paul, Connie and Tom (in a diminished role for a short while starting mid-next week). Interestingly, we have a sufficient team for accomplishing what I see coming up.
- What's right at hand that needs 100% accomplishment?
- Bob is charged with raising enough capital to meet company needs for the next 60 days. Minimum of \$300K as some interest on notes has to be paid.
- I have taken the responsibility for the deal capital requirements and post 60 day company operating needs.
- For Bob:
  1. You and I should immediately pick up the ball with Sam Murty. What's happening with the Chicago billionaires. You and I should get our buns up to Wisconsin and meet with Sam Murty (ASAP). Of course that will take some capital too.
  2. What is happening with:
    - Mike – 100,000/150,000
    - Clair – 100,000/150,000
    - Hair Dresser lady – 40,000/50,000
    - Shopping Center lady – 100,000
    - Doc – 50,000/100,000
    - And, what's happening with the Chicago billionaires?
    - Latest with Sam Murty?
- Where does our "Outside" capital raising potential lie:
  - IQ Capital (Steve Jurich) - Dick
  - Sam Murty – RIA – Wisconsin - Bob
  - Steve Coville – Tom/Rod
  - Rod has a possibility or maybe two - Rod
  - Bob has several named investor candidates - Bob
  - Other Steve Betts introductions (TBD) - Dick
  - Bank Of Montreal (just unfolding)/ Jerry Clark/Arden Capital - Dick
  - Sky Song spinoffs from Plaza Companies/ASU Foundation/Steve Betts – Tom/Rod (for now.. Dick later)
  - Continued marketing to RIAs and small BDs – Dick/Connie
  - What did I leave out? EVERYONE CHIME IN.
- We will shortly need to start **feeding capital to Sky Song** and soon **thereafter to McCormick Ranch**. I have and will take the responsibility for the Deal capital requirements. Bob's side is to keep the company functioning (at least for the next \$300,000 over the next 60 days).
- Over the next two days, we must send out a **letter to our note-holders** laying out where we are, what's next and how we're going to get this little blip fixed. Who to do? Tom for this project?
- Connie, Paul and I are working on a **short presentation for Bank Of Montreal / Jerry Clark**. Out the door Wednesday.
- The **McCormick Ranch project** seems to have only a couple of hills to climb and neither is currently known to be especially. Working this project will soon entail some capital outlays too. Probably 30 days and then some (i) legal, (ii) demand/feasibility studies and (iii) site planning/conceptual elevation drawings. **This project requires a very preliminary PERT plan to be crafted.** Rod and I will work that for starters and then it's his. Target Friday for a block diagram and two weeks for a "hard look" plan.
- **September Communique** – Connie's baby.
- **Web Site** – clean it up as to people and positions. New content coming.

➤ **Feedback – EVERYBODY????**

Dick

**Richard C. Harkins**  
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## Dick Harkins

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**From:** Dick Harkins  
**Sent:** Thursday, July 17, 2014 12:26 PM  
**To:** 'G. Tom Simmons'; Bruce Orr; Robert Kerrigan  
**Subject:** BRA's Capital Matters

I remind all that this company was started in 2009 when only Tom and I were involved. It was essentially reconstituted in 2012 and at my suggestion, the Executive Committee concept was brought forward and put into place. The essence of that concept was two-fold. First, to give the people that helped finance the company a voice in the company so as to represent outside investors they brought in. Second, to reward such effort and ongoing efforts with the opportunity to vest into ownership of BRA.

The second part of that remains in place despite the fact that only my relationship with Bob and then Bob's relationship with investors has brought capital to this company. Additionally, through others, I have brought investors to the company, including Bobbie.

Along the way, I have yet to turn in an expense report, which if I did, would amount to several thousand dollars, which, I don't intend to do until we have substantial cash reserves.

As for me taking a draw to cover some mandatory expense, there are no dollars earmarked that can be pointed to as the dollars I drew. Not unlike the rest of you, I have not been paid in any of the same periods you have not been paid. And in prior periods, when we were paid, I have taken far less than that to which I am entitled.

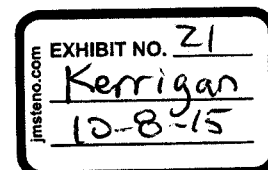
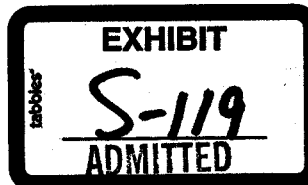
So the pain is spread around. As for Bruce's contention that I drew \$2,000 of his capital input, that could be seen that way. We will get Bruce paid back from first dollars in as we will Rod, Bob and other short-term lenders. Any member of this team with an overwhelming financial need will be put in the front of the line as we have capital available. That has been our priority to date as evidenced by keeping Paul and Connie paid. Paul has slightly more slack than Connie, who has no slack.

What it boils down to is simply, there are jobs to be done here. If someone can't get the job done, they need to get another job. As for directing communication to Tom asking about working capital and such .. that is misdirected. Capital is not in his corner of the business. That is mine and Bob's. So, if you want to know about capital, call me. Other topics have a correct path to be dealt with too.

All in all, I feel this email business is generally a manner to deflect dealing with it straight on. It takes far longer to address an issue tying an email than it takes making a call. Let's try calling one another on matters that we find (in our mind). I can be reached from 5AM to 10PM.

As of yesterday, Rod accepted the invitation from Tom and me to join the Executive Committee. We will decide if we expand the committee or make two committees out of what we have. A major issues committee and a committee that takes on specific issues.

Bruce, you are the one voicing the most issues. Simply the way it is. Maybe you are under the most pressure. Maybe you're upset with me. Well, here's the bottom line. I'm not going anywhere and I'm not bowing to listening to anyone moan about anything that they are not developing a solution for. I will work shoulder to shoulder with anyone that has a better mousetrap (relative to anything we do here) and has a purposeful idea as to how to build it; and will go to the wall to see it developed and implemented.



If any one of us brings a problem, bring a solution.

As for an Executive Committee meeting, I have previously stated that we will call one as soon as we have some breathing room on the capital front. That likely will lead to a meeting in the last week of July.

We (Tom, Rod and me .. with Bruce) generally plan to spend two full days in early August in California touring the Lewis sites and the Buena Vista site.

Tom is preparing a letter agreement to be presented to Lewis covering a specific set of agreements for each Lewis site we determine to pursue. That will of course be done in concert with Bruce and Kevin.

Guys, we need to produce results as called for in our Plan. That Plan has not changed in spirit.

Yes, it's financially hard right now. In my view, we created that hardship. Part of the "we" is no longer associated with us.

Bruce, you say no one you know wants to invest in the BRA offerings..sic..for working capital. They want to invest (if they do at all) in a specific real estate deal.

OK. I have an idea. Let's consider operating under the Trammel Crow model.

Bruce, you can be the Southern California BRA Partner.

We will appoint someone else to be the Arizona Partner. They have the same marching orders.

Take a deal the company approves and go do it. The company will be the glue in the seams.

Company resources will be behind each deal a Partner takes on at the Company's approval. Those Company resources are being developed. It's called .. "working capital" It is being formed via placement of the Land Entitlement Fund and sale of BRA offerings.

The company can advance its funds to a Partner's deal to get the land under contract and to take it through zoning approvals. The deal itself will finance architectural, engineering and franchise matters.

The deal is the partner's to get financed. That includes the debt and equity pieces. The Company may be of assistance in that effort or not; the company may make some advances but will keep only minimal capital in any one deal.

So a partner lives or dies based on his ability to get a deal(s) done. It has worked for Trammel Crow for decades.

As for working capital, here is my best input:

Land Fund –

1. will know early next week if U Of WI Madison is taking \$1MM; if they do, we think their advisor will put other clients in the deal. The Land Fund can provide for our basic needs for 12 months.
2. Bob has a client hat may take \$100K .. I am to meet with the client at some point in the next day / days. Bob feels is ready to fund if she likes us. She likes the deal.
3. New opportunity with a local RIA who Tom and I met with earlier this week. Promising and could lead to a sell-out of the Fund. Next meeting next week. This RIA does large deals via a network of other RIAs and smaller sized BDs .. he likes the idea of a series of New Builds or several in one Fund.. good possibilities.

BRA note offering –

1. Kerrigan client for 100K .. will know shortly – Bob thinks will fund next week .. been in the mill for a while.
2. Kerrigan client for 50K – 90 day note -Bob says will fund next week.

Steve Betts introduction – met with Jeff this AM here in our office (myself, Tom and Rod). Large potential .. will meet again next week as he has time to think about how he would like to proceed.

Oppenheimer – Had lunch with Mitch yesterday and he wants to do something. Vlack has left the company and the guy that replaced him will be here over the next two weeks; and we'll meet.

That's my feedback to Bruce's email and beyond.

Best

Dick

**Richard C. Harkins**  
**USA Barcelona Realty Advisors**  
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Scottsdale, AZ 85253

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FILED  
7/9/07 3:55 PM  
MICHAEL K. JEANES, Clerk  
By M. JEANES  
Deputy

**FINAL PROPERTY SETTLEMENT AGREEMENT**

*FN 2006-000787*

*IN RE: KERRIGAN*

THIS AGREEMENT is made and entered into in Maricopa County, Arizona, this

20 day of June 2007, by and between JULIA KERRIGAN, hereinafter referred to as "Wife," and ROBERT KERRIGAN, hereinafter referred to as "Husband," and collectively referred to as "parties."

**RECITALS**

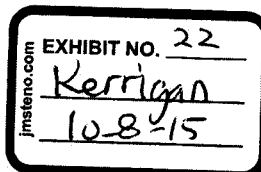
- A. The parties were married on July 30, 1966, in Fond du Lac, Wisconsin, and have ever since been and are now Husband and Wife;
- B. There are no minor children of the marriage. Wife is not currently pregnant;
- C. An action for Dissolution of Marriage has been instituted in the Superior Court of Arizona, Maricopa County, cause number FN 2006-000787. Wife is the Petitioner and Husband is the Respondent;
- D. There is no possibility of reconciliation between the parties;
- E. It is the intention of the parties that this Agreement, with the approval of the Court, is to be incorporated in and made part of the Decree of Dissolution, it being understood and agreed; however, that, notwithstanding any such incorporation, the parties will nevertheless be bound by all of the terms and conditions of this Agreement, which will be binding upon each of them from and after the date of execution hereof;
- F. It is further agreed that in the event such action is brought to hearing or trial,

APPROVED:

*Julia C. Kerrigan*  
Julia Kerrigan

Page 1 of 26

*Robert Kerrigan*  
Robert Kerrigan



neither party will ask for relief contrary to or in conflict with any of the provisions of this Agreement. It is further agreed and understood by the parties that they are bound by all terms and provisions of this Agreement, which may not be merged in such Decree, but which shall survive same and be binding and conclusive upon the parties;

G. This Agreement is entered into in the State of Arizona and shall be construed and interpreted under and according to the laws of the State of Arizona;

H. Each party deems it to be in his and her best interest for each of them to mutually declare their rights respecting all the property acquired and debts incurred by either or both of them during the marriage of the parties, and prior thereto, and to compromise and settle such rights forever, and

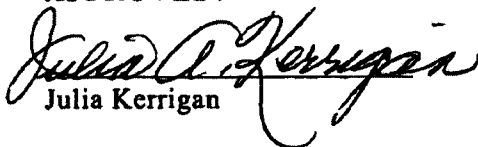
I. Except as set forth in prior recitals or specifically within the covenants to this Agreement, Husband and Wife intend for this Agreement to address and resolve all matters dependent upon or arising out of their marital relationship.

NOW, THEREFORE, in consideration of the covenants between the parties hereinafter set forth, the sufficiency of which is hereby acknowledged, the parties hereby agree and declare as follows:

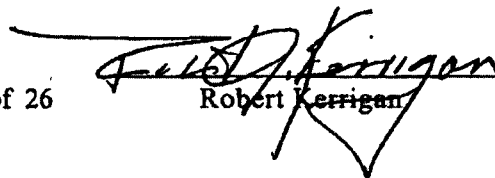
1. ADVICE OF COUNSEL

Each party has had the opportunity to seek the advice of separate counsel. Wife has sought the advice of Regina M. Pangerl, of The Hallier Law Firm, 3216 North Third Street,

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Julia Kerrigan

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Suite 100, Phoenix, Arizona 85012. Husband has sought the advice of Richard G. Neuheisel of Neuheisel Law Firm, P.C., 64 East Broadway Road, Suite 245, Tempe, Arizona 85282-1355.

**2. TAX CONSEQUENCES**

The parties recognize that there could be tax consequences as a result of any of the transactions contained herein. Each party has had the opportunity to seek advice from an accountant or tax expert of his or her choosing prior to entering into this Agreement, and Wife has not received such advice from her counsel.

**3. PARAGRAPH HEADINGS**

The paragraph headings used herein are for convenience and reference only and are not intended to define, limit, or describe the scope or intent of any provisions of this Agreement.

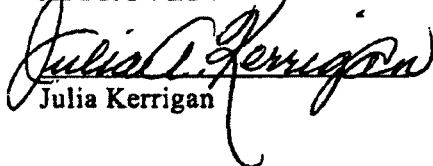
**4. CONSTRUED BY THE LAWS OF THE STATE OF ARIZONA**

This Agreement shall be construed in accordance with the laws of the State of Arizona. It is expressly agreed that if this Agreement shall be made a part of any decree, the provisions of law with regard to the retention of the court's jurisdiction shall be as provided by the laws of the State of Arizona.

**5. APPROVAL BY COURT**

This Agreement is to be filed by the parties and incorporated in the pending domestic

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relations action in the Superior Court of Maricopa County for approval thereof. Each party expressly represents that this Agreement is fair and equitable to both parties and requests that the Court approve it.

In the event that no final decree is entered in this matter, for any reason, this Agreement shall remain valid and binding unless or until it is expressly rescinded or otherwise revised by both parties, in writing.

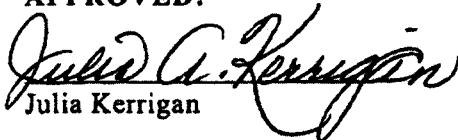
6. **NON-MERGER**

This Agreement specifically shall not be merged into any decree. This Agreement may and shall be considered to exist as a separately enforceable self-sustaining agreement between the parties. It may be enforced by appropriate action at law, equity or otherwise, including, among other remedies, specific performance, or as a part of any decree, as either party seeking enforcement may desire to proceed.

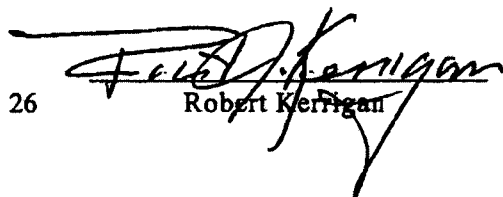
7. **SOLE AND ENTIRE AGREEMENT**

There is no other contract, oral or written, between the parties relative to the matters delineated herein. No promises, warranties or representations of any nature have been made, other than as specified in this Agreement, to induce either party to enter into this Agreement. The parties hereto acknowledge that neither of them has been unduly influenced or coerced, in any way, by the other, in the making or executing of this Agreement. The parties also acknowledge that neither one of them is under any duress in executing this Agreement.

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**8. MODIFICATIONS IN WRITING**

Any changes in the terms and/or conditions of this Agreement shall be in writing, executed by both parties (or designated counsel) and shall become a part of this original Agreement and be submitted to the court for approval as an order.

**9. BINDING UPON HEIRS**

Except as otherwise expressly provided in this Agreement, each and every covenant and agreement herein contained shall inure to the benefit of, and shall be binding upon, the personal representatives, heirs, assigns, legatees, devisees, administrators and executors of the parties hereto, and no provision of this Agreement shall ever be deemed or construed to be made for the benefit of any person other than the two parties who have executed this Agreement, and their respective personal representatives, heirs, assigns, legatees, devisees, administrators and executors.

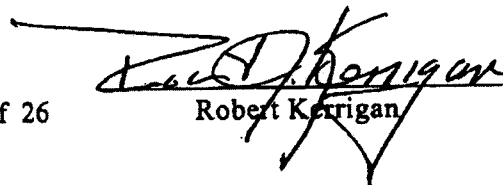
**10. MUTUAL RELEASES**

Subject to the provisions of this Agreement, each party hereby releases, grants, transfers, conveys and quit-claims any and all interest, claim, or other right which he or she may now or hereafter have in all earnings, income and/or property, real, personal or mixed, and wheresoever situated, herein assigned or hereafter acquired by or on behalf of the other party and such shall be deemed to be the sole and separate property of the other party.

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**11. WAIVER OF RIGHTS IN ESTATE OF OTHER PARTY**

Absent a valid will with provisions to the contrary executed subsequent to this Agreement, each party hereby: (A) waives and releases any right or interest, whether by law or dower or courtesy, or otherwise, in law, to or in all real or personal property, which the other party may now own or hereafter acquire; (B) agrees that the estate of the other party, real and personal, shall go and belong at the death of the other party to the person(s), other than Husband or Wife, who would have become entitled thereto; (C) waives all right to letters of administration upon the estate of the party; and (D) waives his or her right of election and every other right granted by the laws of any jurisdiction to take against any will of the other party, if such will shall have been executed before the date of this Agreement.

**12. REMOVAL OF BARRIERS TO REMARRIAGE**

Each party shall take all steps within his or her power to remove any barrier, religious or otherwise, to the other party's remarriage following entry of a Decree of Dissolution, and each party specifically waives any rights that party may have to decline to do so, as may be inferred from the Arizona Court of Appeals decision in *Victor v. Victor*, 177 Ariz. 231, 866 P.2d. 899 (1994).

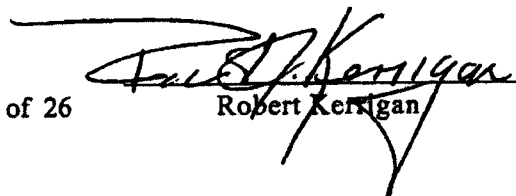
**13. EXECUTION OF DOCUMENTS**

Husband and Wife shall execute any and all documents or instruments necessary to transfer real or personal property in accordance with this Agreement or to effectuate the

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Julia Kerrigan

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intent and purpose of this Agreement and the Decree of Dissolution, including, but not limited to, all instruments, deeds, conveyances, powers of attorney, authorizations, indemnities, trust termination documents, notices, directions or approvals to terminate credit, and other similar documents reasonably required to give effect to this Agreement and the Decree. Notwithstanding the foregoing, neither party shall be required to assume liability for any obligation or payment of money or to incur any liability other than as expressly required by this Agreement.

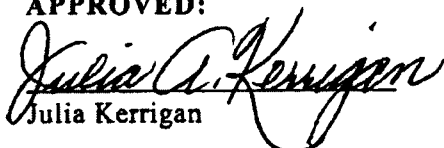
**14. AGREEMENT AS DEED, TRANSFER AND VALID INSTRUMENT**

This Agreement is intended to be and shall be deemed a sufficient deed, conveyance, assignment, transfer and bill of sale of all right, title, interest, claim and demand of every nature covered by this Agreement. This document may be filed and/or recorded as a valid instrument. These provisions, however, are not in lieu of each party executing all documents necessary to accomplish the terms of this Agreement as set forth in the paragraph entitled "EXECUTION OF DOCUMENTS" or elsewhere herein.

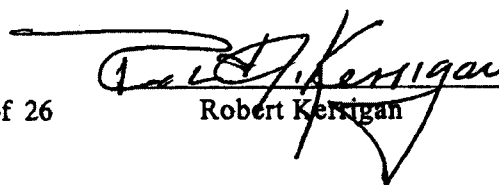
**15. THIRD PARTY BENEFICIARIES**

This Agreement shall not be interpreted as creating in any third party or class of persons not parties hereto or expressly designated herein any right or benefit of any kind or nature whatsoever.

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**16. GENDER, NUMBER AND LIMITATIONS**

This Agreement shall apply to Husband and Wife according to the context hereof, and without regard to the number or gender of the words or expressions made herein. The words "include" and "including" shall mean without limitation regardless of the subsequent enumeration.

**17. SETTLEMENT DOCUMENT**

This Agreement constitutes a settlement document, shall not constitute an admission of any fact by either Husband or Wife, and shall not be admissible in any proceeding except a proceeding commenced to enforce rights arising under this Agreement or resulting from an alleged breach of this Agreement.

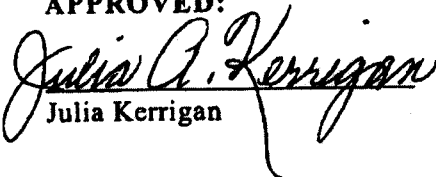
**18. TIME IS OF THE ESSENCE**

Time is of the essence regarding this Agreement and each term and provision hereof.


**19. SEVERABILITY**

The provisions of this Agreement should be enforced to the fullest extent possible under the law and public policies applied in each jurisdiction in which enforcement is sought. If any particular provision of this Agreement, or portion thereof, is held to be wholly invalid or unenforceable, this Agreement shall be deemed amended to delete therefrom that portion thus adjudicated invalid, and the deletion shall apply only with respect to the operation of said provision. To the extent a provision of this Agreement, or portion thereof, is deemed

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unenforceable by virtue of its scope, but may be made enforceable by limitation thereon, each party agrees the same shall be enforceable to the fullest extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought. Notwithstanding the foregoing, if deletion of a portion of this Agreement results in the distribution of property between the parties set forth herein becoming inequitable, this Agreement shall be reformed by a court of appropriate jurisdiction, if Husband and Wife are not able to otherwise agree, to provide for an equitable distribution of property and obligations or offsetting money judgment based upon the property and obligations being divided upon the effective date of this Agreement.

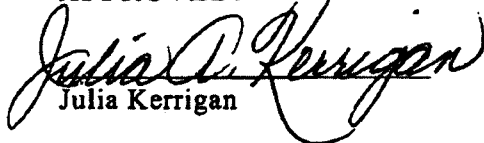
**20. INCORPORATION**

The foregoing Recitals shall be considered a part of this Agreement and these Covenants as if fully set forth herein. Husband and Wife hereby ratify and acknowledge each of the Recitals.

**21. ENFORCEMENT ELECTION**

The failure of either party to insist, in any one or more instances, upon strict performance of any of the covenants or provisions of this Agreement shall not be construed as a waiver or relinquishment of the future of such covenant or provision or the right to strict and timely performance of the same, but said covenants or provisions shall continue and remain in full force and effect.

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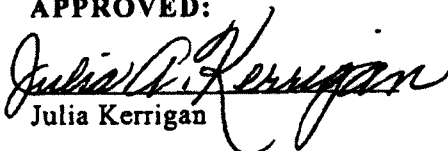
The parties may have agreed herein upon specific remedies for either party's failure to perform in accordance with the terms of this Agreement. Such specification of remedies, however, shall not serve as a limitation on either party to seek performance or recover damages through any other available remedy, including the right to seek court enforcement through alternative remedy. Specific remedies set forth herein shall be construed to be an available option and not the exclusive remedy.

**22. FULL DISCLOSURE**

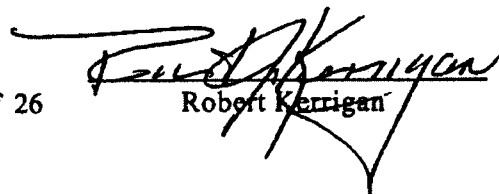
Husband and Wife hereby warrant that each has made a full disclosure to the other party of all property owned by him or her separately, as community property, jointly, or in any other nature, has made a full disclosure of all property in which he or she has a beneficial interest, and has made full disclosure of all income presently being earned and all available employment benefits. Each party does, by execution of this Agreement, represent, warrant, and guarantee that there is no other property owned in any manner by him or her other than the property mentioned in this Agreement, nor is there any property in anyone else's name in which he or she has a beneficial interest.

Each party further represents and warrants to the other that he or she has: (A) made full disclosure to the other party of all debts, obligations, judgments, and liens which he or she has incurred separately, as community debts or obligations, jointly or in any other nature; (B) made full disclosure of all property on which such debts, obligations, liens, or

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encumbrances exist as an encumbrance; and (C) guaranteed that the property assigned and transferred herein is not subject to any debts, obligations, liens, or encumbrances except as otherwise specifically set forth in this Agreement.

Husband and Wife have relied upon this full disclosure and have entered into this Agreement in full reliance thereon. The parties acknowledge that this Agreement satisfies all of the requirements of Rule 49, Arizona Rules of Family Law Procedure.

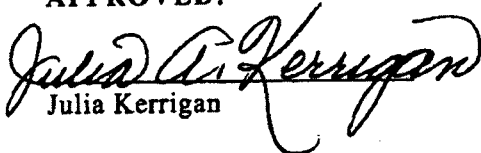
**23. SUBSEQUENT PURCHASE OF REAL PROPERTY**

The parties mutually agree that if either party, after the date of this Agreement, contracts to purchase or completes a purchase for any real property, the non-purchasing party waives all ownership interest or rights in said property. The purchasing party shall be solely responsible for any mortgages or liens placed upon the newly acquired property, and shall hold the non-purchasing party harmless therefrom. The parties specifically agree that this provision shall be a sufficient waiver, by the non-purchasing party, of any interest in that property so as to allow the purchasing party the opportunity to complete the real property purchase transaction.

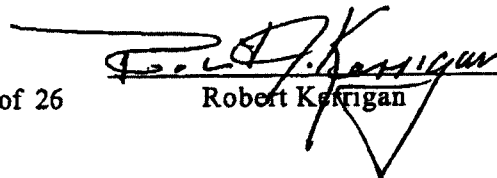
**24. CONDITION AND VALUE**

The parties have each had the opportunity to inspect any and all assets awarded herein and are familiar with the condition thereof. Each party acknowledges that no representations have been made by counsel as to condition, value or encumbrances on any asset awarded

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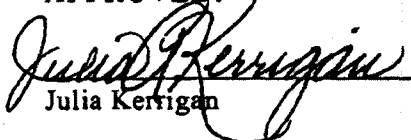
pursuant to this Agreement.

**25. AFTER-DISCOVERED ASSETS**

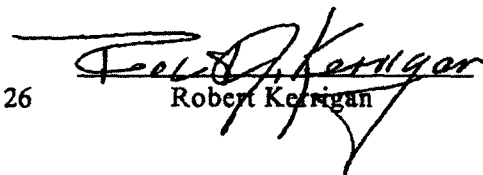
In the event that additional community, quasi-community, joint or common property, which is not referred to herein, is discovered at any time subsequent to the execution of this Agreement, said community, quasi-community, joint, or common property, having been in existence prior to the date of execution hereof but not having been distributed herein, such after-discovered community, quasi-community, joint, or common property shall be divided equally between Husband and Wife, and shall be deemed to have been held by the parties as tenants-in-common until such division occurs.

Wife shall have until July 24, 2007 to make any objections to Husband's disbursement of funds made from bank accounts and/or the brokerage accounts, so long as the subpoenaed records are received by July 17, 2007. If the subpoenaed documents are not received by July 10, 2007, wife shall have fifteen (15) days to make any objections to Husband's disbursement of funds made from bank accounts and/or the brokerage accounts. Husband shall have fifteen (15) days from the date of Wife's objections, if any, to provide to Wife supporting documentation of the disbursement and whereabouts of said funds. If Husband fails to comply with the fifteen (15) day deadline, he shall be deemed to be in contempt of court, and Wife shall be entitled to take legal action to resolve Wife's objections to Husband's disbursements of said funds.

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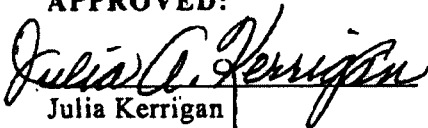
**26. IRREVOCABLE DIVISION AND NON-TAXABLE EVENT**

The divisions and transfers of real and personal property between the parties as herein provided are effective immediately and are irrevocable. The parties have agreed upon an equitable division of their community, joint, and common, real and personal property, the division of which is set forth hereinafter. The parties intend to divorce, which constitutes a non-taxable event under the current federal and state tax codes, including Section 1041 of the Internal Revenue Code. Neither party shall treat the division of property as between the parties provided for herein as a sale or as giving rise to gain or loss for federal income tax purposes or as entitling a party to an adjustment in the basis for income tax purposes of any item of property retained, received, or transferred by this Agreement. Should either party violate the provisions and intent of this paragraph and thereby cause tax liability to the other party, the party causing the liability shall pay all consequential liability of the other party.

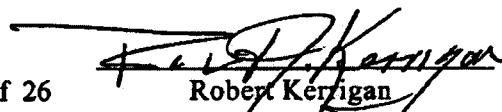
**27. DIVISION OF PERSONAL PROPERTY**

The parties intend to dissolve and terminate their marital community estate, and to dispose of all community, joint, and common property acquired subsequent to the date of their marriage, which has been disclosed herein, as well as all property held as tenants in common or in joint tenancy, which may have been acquired prior to their marriage. Hereafter, all listed assets whatsoever situated shall be the sole and separate property of the party acquiring same, and hereafter all obligations incurred of whatsoever nature shall be the

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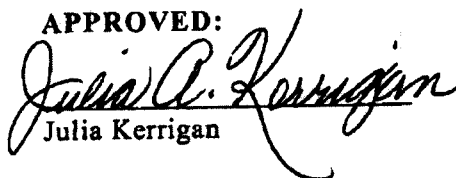
  
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sole and separate obligation of the party so incurring. The division of property and assets as herein provided has been made as an equitable division of all existing community, joint, and common property. The parties make the following division of their joint, common, and community property, notwithstanding any claim or contention on the part of either party that the property described herein, or any item thereof, is the separate property of one party or the other, except as otherwise herein expressed.

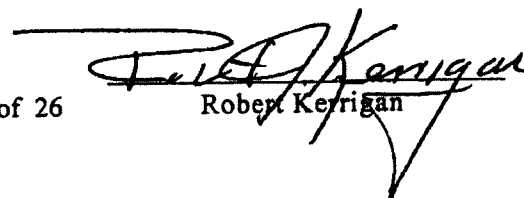
Wife does hereby assign, grant, convey and transfer to Husband as his sole and separate property the following:

- (A.) Husband's own personal property, including Husband's clothing and personal effects, along with an equitable portion of the community personal property, based upon the agreement of the parties, who agree to cooperate together in good faith to divide same equitably;
- (B.) The 2006 Infinity, together with all liens and encumbrances thereon.
- (C.) Husband shall be awarded, as his sole and separate property, any interest of whatever type that he and/or the community have in the business known as "Personal Wealth Management." Wife shall execute any and all documents and instruments, including endorsement and delivery of stock, if any, to effectuate the intent and purpose of this paragraph. Husband shall be solely responsible for any and all liabilities related to this business and the operation thereof, and Husband shall indemnify and hold Wife harmless as to any obligations, claims, and demands against Husband, Wife, and/or the business, as a result of the operation of said business. The fair value of the community value of said business is \$380,000.00. Wife shall be awarded an equalization payment from Husband for one-half of the value of Personal Wealth Management, in the sum of \$190,000.00, which represents any and all of Wife's interests in the business. Husband's equalization payment to Wife shall be paid as follows:

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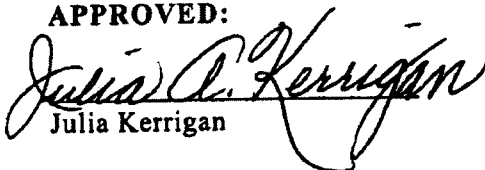
  
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1. Husband shall pay to Wife one-third (1/3) of the business buyout, in the sum of \$63,333.34, no later than June 30, 2007, and said payment shall come from Husband's one-half (1/2) share of the equity in the marital residence;
2. Husband shall pay to Wife the second one-third (1/3) of the business buy-out, in the sum of \$63,333.33, no later than June 30, 2008, plus six percent (6%) interest compounded annually on the balance owed, until paid in full, with interest commencing on June 30, 2007;
3. Husband shall pay to Wife the remaining one-third (1/3) of the business buy-out, in the sum of \$63,333.33, to be paid no later than June 30, 2009, plus six percent (6%) interest compounded annually on the balance owed, until paid in full with interest commencing on June 30, 2007; and
4. Husband shall be entitled to pay-off the buy-out obligation to Wife earlier than the above-referenced deadlines without penalty, but with six percent (6%) interest compounded annually on the balance due up to the date of the final pay-off. These payments are intended to be non-taxable, pursuant to §1041 of the IRS Code.

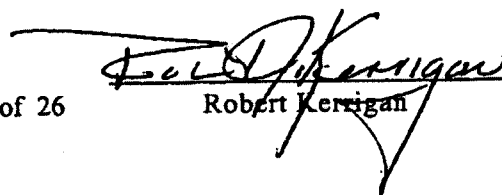
If Husband fails to make a monthly payment within fifteen (15) days after the due date, Husband's failure to pay shall accelerate the other payments due, and Wife shall be entitled to enforce the equalization judgment against Husband as a judgment creditor, with an interest rate of ten percent (10%). Husband shall secure said buy-out with the following property, which security shall remain in effect until Husband's buy-out debt to Wife herein is paid in full:

- a. \$500,000.00 life insurance policy (See paragraph 27(a) below);
- b. A bank letter of credit, and Husband shall have ten business days from the date of the execution of this Property Settlement Agreement to obtain a letter of credit security the remaining balance owed on the business buy-out.

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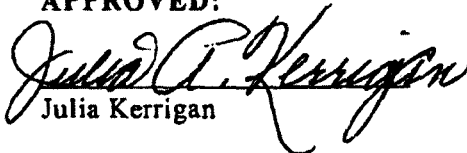
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Wife shall be removed as an officer of the Personal Wealth Management business, no later than May 31, 2007. Husband shall execute any and all necessary documents to effectuate said change. Husband shall take over any and all of Wife's bookkeeping duties within the business, effective March 31, 2007.

- (D.) Wealth Legacy Consultants: The business known as "Wealth Legacy Consultants," along with all assets, debts, liens, and encumbrances shall be awarded to Husband herein. Husband has represented that the business has a negative return, and has earned no profit since it was opened in approximately 2004. Wife has relied on Husband's representation regarding same in entering into this Property Settlement Agreement and in agreeing to award this asset to Husband. Should Wife later learn that Wealth Legacy Consultants had been a profitable business prior to the date of the execution of this Property Settlement Agreement, Wife shall be entitled to a judgment of one-half of the fair value of said business, with said value determined by a business valuator chosen by Wife. Husband shall be solely obligated to pay the cost of said valuation.
- (E.) One-half of the value of the parties' brokerage accounts, which shall be equally divided by June 15, 2007.
- (F.) One-half of the cash values within any and all life insurance policies owned by the parties, less \$20,000.00. The cash value shall be valued as of the date the division occurs, which shall be no later than July 15, 2007.
- (G.) Within thirty-days of the filing of the Decree, the parties shall create, out of the current second-to-die policy, a new policy, insuring Husband's life in the sum of \$500,000.00. Said policy shall be awarded to Husband, and Husband shall be solely obligated to pay the premiums on said policy. Husband shall name Wife as a beneficiary on said policy, as security for Husband's spousal maintenance obligation to Wife, and as security for Husband's Personal Wealth Management buy-out debt to Wife. Upon full satisfaction of the first three years of Husband's spousal maintenance obligation and upon full satisfaction of Husband's business buy-out obligation to Wife, Wife's beneficiary benefit on Husband's life insurance policy shall be reduced from \$500,000.00 to \$200,000.00, which benefit shall remain in force until Wife

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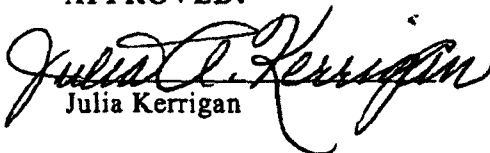
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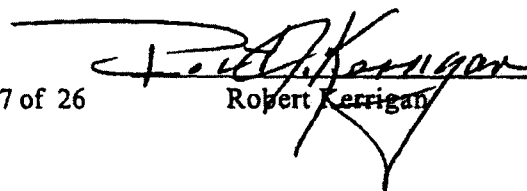
remarries, Wife dies, or spousal maintenance is otherwise terminated. Husband shall cooperate in providing Wife with proof that said policy remains in force. Husband shall send proof of said policy to Wife, via U.S. mail, at the end of March, June, September, and December of each year.

- (H.) Husband shall have the option of maintaining, at his own expense, the parties' remaining \$1,000,000.00 of the \$2,000,000.00 second-to-die policy;
- (I.) Husband shall be awarded the \$1,000,000.00 life insurance policy that currently insures Husband's life, and Husband shall be solely obligated to pay the premiums on said policy.
- (J.) One-half of the commissions earned by Husband and/or Personal Wealth Management through June 7, 2007 to the extent same has not been accounted for herein (see Paragraph 27(E) above) and the entirety (100%) of the commission earned by Husband and/or Personal Wealth Management after June 7, 2007, less personal and corporate expenses.
- (K.) One-half of the cash that exists in the parties' sole and joint bank accounts (checking, savings and/or money market accounts) on the date that the last accounts are divided, which bank accounts include:
  - 1. Husband's sole personal and/or sole business account(s) with Alliance Bank;
  - 2. Husband's sole personal accounts with National Bank of Arizona;
  - 3. Parties' joint personal account(s) with National Bank of Arizona (Kerrigan Trust);
  - 4. Parties' joint business account with National Bank of Arizona;
  - 5. Wife's sole personal account(s) with Wells Fargo; and
  - 6. Any other bank accounts in either party's sole name or the parties' joint names that are not identified herein, but which exist on the date of the execution of this Property Settlement Agreement.

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The parties shall cooperate in good faith to produce any and all bank account statements to the other party's counsel by July 31, 2007, so that a determination can be made as to the balance of each account to be divided.

(L.) 100% of all of Husband's future Social Security earnings benefits;

Husband shall assume and pay, indemnify and hold Wife harmless from any encumbrances due thereon, as well as any tax liability that may be associated with ownership of said property, including, but not limited to, income tax, real estate taxes, use taxes or any other tax liability of any nature whatsoever.

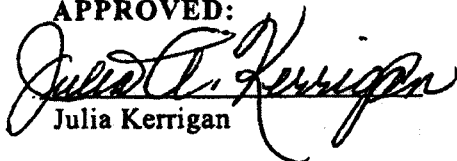
Husband does assign, grant, convey and transfer to Wife, as Wife's sole and separate property, the following:

(M.) Wife's own personal property, including Wife's clothing and personal effects, along with an equitable portion of the community personal property, based upon the agreement of the parties, who agree to cooperate together in good faith to divide same equitably;

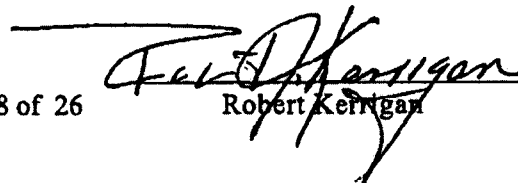
(N.) An equalization payment from Husband, in the sum of \$190,000.00, as and for Wife's one-half share of the fair value of the business known as "Personal Wealth Management." (see Paragraph 27(C) above.) Husband's equalization payment to Wife shall be paid as follows:

1. Husband shall pay to Wife one-third (1/3) of the business buyout, in the sum of \$63,333.34, no later than June 30, 2007, and said payment shall come from Husband's one-half (1/2) share of the brokerage accounts;
2. Husband shall pay to Wife the second one-third (1/3) of the business buy-out, in the sum of \$63,333.33, no later than June 30, 2008, plus six

APPROVED:

  
Julia Kerrigan

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Robert Kerrigan

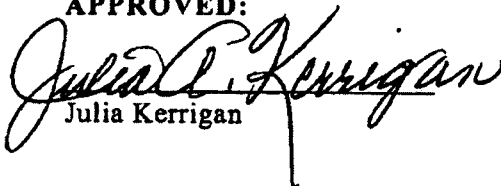
percent (6%) interest compounded annually on the balance owed, until paid in full, with interest commencing on June 30, 2007;

3. Husband shall pay to Wife the remaining one-third (1/3) of the business buy-out, in the sum of \$63,333.33, to be paid no later than June 30, 2009, plus six percent (6%) interest compounded annually on the balance owed, until paid in full with interest commencing on June 30, 2007; and
4. Husband shall be entitled to pay-off the buy-out obligation to Wife earlier than the above-referenced deadlines without penalty, but with six percent (6%) interest compounded annually on the balance due up to the date of the final pay-off. These payments are intended to be non-taxable, pursuant to §1041 of the IRS Code.

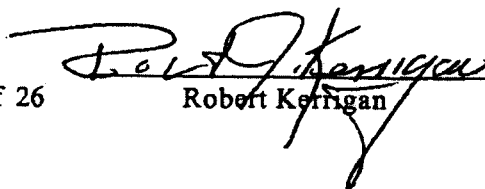
Husband shall secure said buy-out with the following property, which security shall remain in effect until Husband's buy-out debt to Wife herein is paid in full:

- a. \$500,000.00 life insurance policy (See paragraph 27(G) above);
  - b. Husband shall have ten business days from the date of the execution of this Property Settlement Agreement to obtain a letter of credit security the remaining balance owed on the business buy-out.
- (O.) One-half of the value of the parties' brokerage accounts, which shall be equally divided by June 15, 2007.
- (P.) One-half of all of the cash values in the parties' various life insurance policies, plus \$20,000.00. The cash value shall be valued as of the date the division occurs, which shall be no later than July 15, 2007
- (Q.) The parties shall create, out of the current second-to-die life insurance policy, a new \$500,000.00 life insurance policy insuring Husband's life. Said policy will be awarded to Wife, and Wife shall be solely obligated to pay the premiums on said policy, commencing the month following the creation of the

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Julia Kerrigan

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Robert Kerrigan

policy, which shall occur within thirty (30) days after the filing of the Decree of Dissolution of Marriage. Until that time, the premiums shall be paid from the cash value of said policy;

(R.) Wife shall be awarded the \$200,000.00 life insurance policy that currently insures Wife's life, and Wife shall be solely obligated to pay the premiums on said policy, commencing the month following the creation of the policy, which shall occur within thirty (30) days after the filing of the Decree of Dissolution of Marriage. Until that time, the premiums shall be paid from the cash value of said policy.

(S.) One-half of the commissions earned by Husband and/or Personal Wealth Management through June 7, 2007, less personal and corporate expenses.

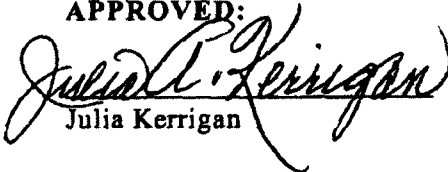
(T.) One-half of the cash that exists in the parties' sole and joint bank accounts (checking, savings and/or money market accounts) on the last date that the brokerage accounts are divided, which bank accounts include:

1. Husband's sole personal and/or sole business account(s) with Alliance Bank;
2. Husband's sole personal accounts with National Bank of Arizona;
3. Parties' joint personal account(s) with National Bank of Arizona (Kerrigan Trust);
4. Parties' joint business account with National Bank of Arizona;
5. Wife's sole personal account(s) with Wells Fargo; and
6. Any other bank accounts in either party's sole name or the parties' joint names that are not identified herein, but which exist on the date of the execution of this Property Settlement Agreement.

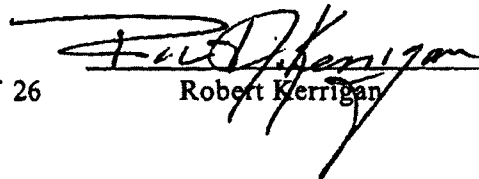
(U.) 100% of all of Wife's future Social Security earnings benefits.

Wife shall assume and pay, indemnify and hold Husband harmless from any

APPROVED:

  
Julia Kerrigan

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Robert Kerrigan

encumbrances due thereon, as well as any tax liability that may be associated with ownership of said property, including, but not limited to, income tax, real estate taxes, use taxes or any other tax liability of any nature whatsoever.

**28. REAL PROPERTY**

The parties shall sell the marital residence, located at: 8294 E. Buteo Drive, Scottsdale, Arizona 85255. Said property's legal description is:

Lot 3, of Grayhawk Parcel 3E South, a Subdivision, according to the Plat of Record in the Office of the County Recorder of Maricopa County, Arizona, Recorded in Book 405 of Maps, Page 22.

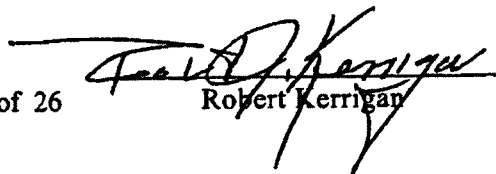
Commencing May 1, 2007, Husband shall have exclusive use of the marital residence until the closing of the sale on the marital residence. Husband shall cooperate in allowing Wife access to marital residence to obtain her personal property. Commencing May 1, 2007, Husband shall be solely responsible for any and all mortgages, encumbrances, maintenance, repair, upkeep, taxes and insurance due thereon, until the closing on the sale of the marital residence. Husband shall pay the entirety (100%) of any and all real estate commission fees, if any, relating to the sale of the marital residence, and said fees shall be deducted from Husband's one-half share of the net equity. Husband shall indemnify Wife and hold Wife harmless from any such commission and from any liabilities or claims resulting from the sale of the marital residence, including any claims by the former real estate agent and/or broker.

Upon sale of the marital residence, the parties shall equally share in the remaining net

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Julia Kerrigan

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Robert Kerrigan

equity of the marital residence, after payment of the first and second mortgages, closing costs, and after payment of the debts the parties have deemed to be community, consisting exclusively of the National Bank of Arizona debt (approximate balance of \$20,084), the Great Lakes debt (approximate balance of \$7,000), the National Bank of Arizona line of credit (approximate balance of \$9,944), Bank of America Visa personal credit card (approximate balance of \$12,113.00), Chase credit card (approximate balance of \$19,660.00), and CitiBank MasterCard (approximate balance of \$6,188.00).

**29. PAYMENT OF DEBTS**

Husband shall assume and pay the following debts, and Husband shall indemnify and hold Wife harmless from the same:

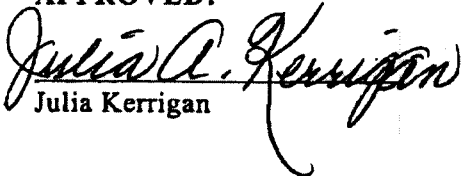
- A. All debts secured by any property assigned to Husband herein; and
- B. Any debts incurred by Husband and not addressed herein.

Husband shall not be entitled to reimbursement from Wife for any of Wife's personal expenses, which Husband has paid to date.

It is ordered that Wife shall assume and pay the following debts, and Wife shall indemnify and hold Husband harmless from the same.

- A. Lease on Wife's vehicle;
- B. All debts secured by property assigned to Wife herein; and
- C. Any debts incurred by Wife and not addressed herein.

**APPROVED:**

  
Julia Kerrigan

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Robert Kerrigan

**30. INDEMNIFICATION**

Each party shall indemnify and hold the other harmless from all obligations assumed as part of this Agreement.

The duty created by law or in this Agreement for each party to indemnify the other shall include, but not be limited to, payment of: the liability or obligation itself; defense of the other party against any claim concerning the liability or obligation (if the other party, in his or her sole discretion, requests the indemnifying party to provide a defense); and payment of all reasonable costs and expenses incurred by the other party, either before or after a court action has been commenced, in connection with any claim asserted against said party concerning the liability or obligation indemnified against.

**31. STATUS OF TEMPORARY ORDERS**

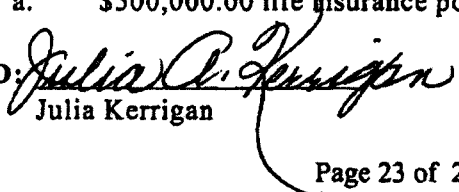
There are no court-ordered temporary obligations due from one party to the other, and to the extent any such obligations existed, they have been satisfied in full.

**32. SPOUSAL MAINTENANCE**

Husband shall pay indefinite spousal maintenance to Wife, beginning on June 1, 2007, in the sum of \$5,000.00 per month, which is non-modifiable for the first three (3) years. Said spousal maintenance award shall terminate upon Wife's remarriage or upon the death of either party, except that Wife shall be entitled to Husband's life insurance proceeds, in the event of Husband's death, pursuant to Paragraph 27(G) of this Agreement. Husband shall secure said spousal maintenance as follows:

- a. \$500,000.00 life insurance policy (see paragraph 27(a) above.); and

APPROVED:

  
Julia Kerrigan

  
Robert Kerrigan

- b. Husband shall have ten business days from the date of the execution of this Property Settlement Agreement to obtain a letter of credit for the remaining balance owed on the business buy-out.

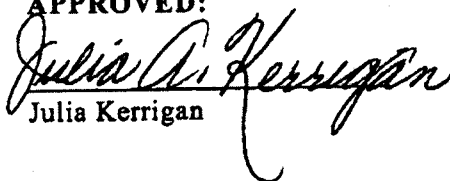
33. INCOME TAXES

Husband shall assume any and all federal and/or state individual and business tax liabilities for all prior tax years through the year 2005, regardless of when said liability may have been incurred. Husband shall indemnify Wife and hold her harmless from any such liability.

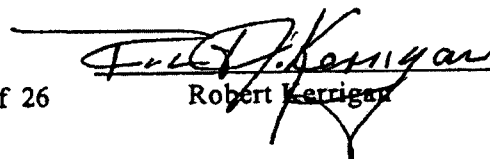
The parties shall file joint 2006 federal and state income tax returns, and shall share equally in any tax refunds or liability thereon. The parties shall equally pay for any costs incurred in the preparation of the 2006 joint tax return.

The parties agree that commencing with the tax year 2007, each shall file separately their own federal and state tax returns and shall be responsible for the reporting of any income earned by them, including K-1 income, individually and for the reporting of any taxable event attributable to them or their property awarded herein, and shall be responsible for their own liabilities. Each party is entitled to their own refunds beginning with tax year 2007 and thereafter, and each party shall be responsible for all costs associated with the preparation of same. Each party shall indemnify and hold the other harmless from any liability or loss whatsoever arising out of the receipt of taxable income or a taxable event attributable to each or either of the parties for the year 2007 and thereafter.

APPROVED:

  
Julia Kerrigan

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Robert Kerrigan


In the event that Husband and/or Wife sells and/or conveys any of the assets which have been assigned, conveyed, recognized, transferred, or which have become their respective separate property by the terms of this Agreement, the tax, if any, on the income or capital gain realized from such sale shall be paid by the party to whom the asset has been assigned, conveyed, recognized or transferred as the separate property of the party.

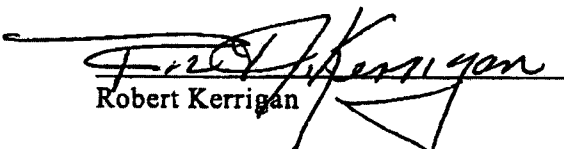
**34. ATTORNEYS' FEES AND COSTS**

The parties shall equally share in their combined attorneys' fees and costs, which have incurred through June 20, 2007.

The attorneys' fees and costs incurred by both parties' counsel to date, which have not yet been paid, shall be paid in full through escrow, from the proceeds of the sale of the marital residence. The parties shall pay Neuheisel Law Firm the sum of \$11,000.00, and the parties shall pay the Hallier Law Firm the sum of \$2,363.60.

IN WITNESS WHEREOF, the parties have signed, sealed and acknowledged this Agreement the day and year first above written.

  
Julia Kerrigan

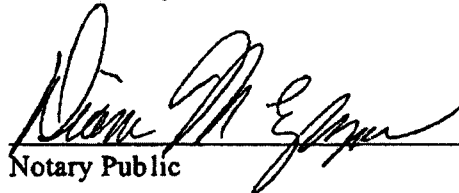
  
Robert Kerrigan

//  
//

STATE OF ARIZONA     )  
                                  ) ss.  
County of Maricopa     )

On this 20<sup>th</sup> day of June, 2007, before me the undersigned authority, personally appeared Julia Kerrigan, the person whose name is subscribed to the foregoing instrument and who acknowledged to me that she executed the same for the purposes contained therein. In witness whereof, I have hereunto set my hand and official seal.

My Commission Expires:

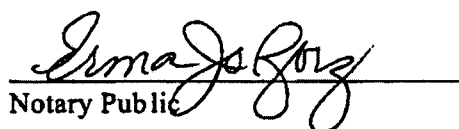
  
Notary Public

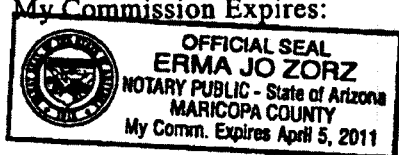


STATE OF ARIZONA     )  
                                  ) ss.  
County of Maricopa     )

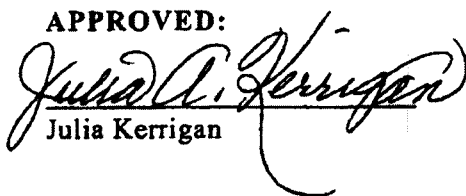
On this 20<sup>th</sup> day of June, 2007, before me the undersigned authority, personally appeared Robert Kerrigan, the person whose name is subscribed to the foregoing instrument and who acknowledged to me that he executed the same for the purposes contained therein. In witness whereof, I have hereunto set my hand and official seal.

My Commission Expires:

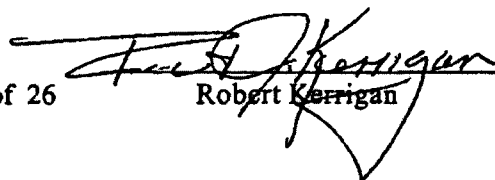
  
Notary Public



APPROVED:

  
Julia Kerrigan

Page 26 of 26

  
Robert Kerrigan

1 Richard G. Neuheisel (State Bar No. 001659)  
2 NEUHEISEL LAW FIRM, P.C.  
3 64 East Broadway Road, Suite 245  
4 Tempe, Arizona 85282  
5 Telephone (480) 838-5000  
6 Facsimile (480) 557-6366

7  
8 Attorney for Defendants/Counterclaimants  
9 ROBERT J. KERRIGAN, SR. and ROBERT J.  
10 KERRIGAN, SR. FAMILY TRUST  
11 dated October 25, 2007

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IN THE SUPERIOR COURT OF THE STATE OF ARIZONA  
IN AND FOR THE COUNTY OF MARICOPA

NATIONAL BANK OF ARIZONA, an Arizona  
corporation,

Plaintiff,

vs.

ROBERT J. KERRIGAN, SR. and JULIA A.  
KERRIGAN, formerly husband and wife;  
PERSONAL WEALTH MANAGEMENT  
GROUP, INC., an Arizona corporation; and  
ROBERT J. KERRIGAN, SR. FAMILY TRUST  
dated October 25, 2007,

Defendants.

ROBERT J. KERRIGAN, SR., an unmarried man;  
ROBERT J. KERRIGAN, SR. FAMILY TRUST  
dated October 25, 2007,

Counterclaimants,

vs.

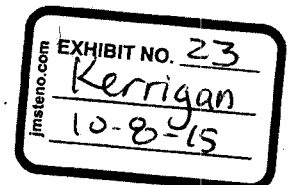
NATIONAL BANK OF ARIZONA, an Arizona  
corporation,

Counterdefendant.

NO. CV2009-054961

DEFENDANTS/COUNTERCLAIMANTS'  
ROBERT J. KERRIGAN, SR., PERSONAL  
WEALTH MANAGEMENT GROUP, INC.  
AND ROBERT J. KERRIGAN, SR.  
FAMILY TRUST DATED OCTOBER 25,  
2007'S RESPONSE TO PLAINTIFF'S  
MOTION FOR SUMMARY JUDGMENT

(Assigned to Honorable Brian R. Hauser)



1 Defendants/Counterclaimants Robert J. Kerrigan, Sr., Personal Wealth Management  
2 Group, Inc. and Robert J. Kerrigan, Sr. Family Trust dated October 25, 2007, respond to Plaintiff's  
3 Motion for Summary Judgment against all defendants, except Julia A. Kerrigan. Plaintiff Bank is  
4 not entitled to summary judgment on either its Complaint or on Defendant's Counterclaim which  
5 was made by all Defendants except Julia A. Kerrigan, for the following reasons:

6 1. As a result of their July 2007 divorce, Mr. Kerrigan owed money to his former wife.  
7 Through Mr. Kerrigan's line of credit with the Bank, in July 2009, the Plaintiff Bank mistakenly  
8 paid Julia A. Kerrigan the amount of \$69,063.33. This was done without Mr. Kerrigan's approval  
9 as is supported by his Affidavit attached to his Statement of Facts.

10 2. Mr. Kerrigan's Counterclaim that the Bank wrongly paid Julia A. Kerrigan the  
11 \$69,063.33 is a question of fact. She was entitled to the funds only with the approval of Mr.  
12 Kerrigan and his Loan Officer.

13 For the foregoing reasons, the Bank is not entitled to summary judgment either on its  
14 claims or against the Defendants' counterclaims.

15 All of the foregoing is more fully set forth in the following Memorandum of Points and  
16 Authorities, Defendants/Counterclaimant's Separate Statement of Facts, Rule 80(i) Affidavit of  
17 Robert J. Kerrigan, Sr., and the Exhibits thereto.

#### 18 MEMORANDUM OF POINTS AND AUTHORITIES

##### 19 I. Facts

20 After being married for 39 years, the Kerrigans divorced, and a Property Settlement  
21 Agreement was entered into by the parties. Julia Kerrigan was awarded \$190,000.00 to be paid  
22 over three (3) installments.

23 These installments were partially secured, with payments funded through Mr. Kerrigan's  
24 letter of credit with the Plaintiff Bank for the benefit of Julia Kerrigan. Because the last  
25 installment was not made by its due date of June 30, 2009, Julia Kerrigan then drew down on the  
26 line of credit for that third installment in the amount of \$69,063.33 on July 13, 2009. Mr. Kerrigan  
27 alleges he did not approve that draw down, nor did the Loan Officer, Mr. Gillespie, approve the  
28 draw down as required under the agreements between Plaintiff and Defendants.

1 The divorce attorney for Mr. Kerrigan, the undersigned, disputed Julia Kerrigan's right to  
2 draw money down on the line of credit, claiming that a bank officer had to sign off on any such  
3 withdrawal and that had not occurred.

4 Mr. Kerrigan is being asked by the Plaintiff Bank to pay for a draw taken by his former  
5 wife that he did not authorize. He had requested both his own approval and that of his Loan  
6 Officer before draws by his former wife were authorized. No such approval was obtained. Even  
7 the President of the Bank in his August 4, 2009 letter revealed he could not understand how this  
8 error occurred.

9 **II. Conclusion**

10 Summary judgment needs to be denied Plaintiff, both on its claims and counterclaims.  
11 There are numerous issues of fact that are in dispute.

12 DATED this 30th day of April, 2010.

13 NEUHEISEL LAW FIRM, P.C.

14 By: 

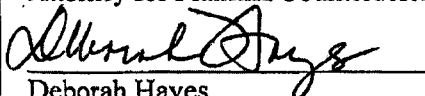
15 Richard G. Neuheisel  
16 Wells Fargo Bank Building  
17 64 East Broadway, Suite 245  
18 Tempe, Arizona 85282  
19 Attorneys for Defendant/Counterclaimants

20 ORIGINAL of the foregoing submitted  
21 for filing on this 30th day of April, 2010, to:

22 Maricopa County Superior Court  
23 Northeast Phoenix  
24 18380 N. 40th Street  
25 Phoenix, AZ 85032

26 COPY of the foregoing mailed  
27 this 30th day of April, 2010, to:

28 Robert S. Porter, Esq.  
Porter Law Firm  
7243 North 16<sup>th</sup> Street  
Phoenix, AZ 85020-5202  
Attorney for Plaintiff/Counterdefendant

  
Deborah Hayes

1 Richard G. Neuheisel (State Bar No. 001659)  
2 NEUHEISEL LAW FIRM, P.C.  
3 64 East Broadway Road, Suite 245  
4 Tempe, Arizona 85282  
5 Telephone (480) 838-5000  
6 Facsimile (480) 557-6366

7 Attorney for Defendants/Counterclaimants  
8 ROBERT J. KERRIGAN, SR. and ROBERT J.  
9 KERRIGAN, SR. FAMILY TRUST  
10 dated October 25, 2007

11 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**  
12 **IN AND FOR THE COUNTY OF MARICOPA**

13 NATIONAL BANK OF ARIZONA, an Arizona  
14 corporation,

15 Plaintiff,

16 vs.

17 ROBERT J. KERRIGAN, SR. and JULIA A.  
18 KERRIGAN, formerly husband and wife;  
19 PERSONAL WEALTH MANAGEMENT  
20 GROUP, INC., an Arizona corporation; and  
21 ROBERT J. KERRIGAN, SR. FAMILY TRUST  
22 dated October 25, 2007,

23 Defendants.

24 ROBERT J. KERRIGAN, SR., an unmarried man;  
25 ROBERT J. KERRIGAN, SR. FAMILY TRUST  
26 dated October 25, 2007,

27 Counterclaimants,

28 vs.

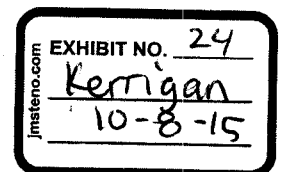
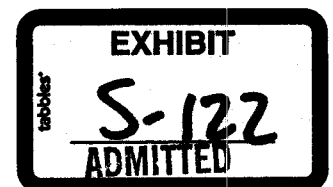
NATIONAL BANK OF ARIZONA, an Arizona  
corporation,

Counterdefendant.

NO. CV2009-054961

AFFIDAVIT OF ROBERT J. KERRIGAN

(Assigned to Honorable Brian R. Hauser)



1     **STATE OF ARIZONA**     )  
2                                 )  
3     **County of Maricopa**     )

ss.

4             I, Robert J. Kerrigan, Sr., a Defendant in this lawsuit, and after being duly sworn, deposes  
5 and says:

6             1.     I was previously married to Julia Kerrigan; we entered into a Property Settlement  
7 Agreement in June, 2007, and a Divorce Decree was entered in July, 2007.

8             2.     As part of the security I provided to my former wife, I executed a Promissory Note  
9 with National Bank of Arizona dated December 13, 2007; the Note sets forth that it evidences a  
10 line of credit; it also provides, "directions for payment from Borrowers' accounts, may be  
11 requested orally or in writing."

12            3.     Further, the Note provides "Borrowers must obtain approval from Lender's Loan  
13 Officer to complete an advance."  
14

15            4.     My Loan Officer at National Bank of Arizona was Neil Gillespie and the Bank  
16 disbursed the \$69,063.33 to my former wife, Julia Kerrigan, without the approval or authority of  
17 Mr. Gillespie.  
18

19            5.     On August 12, 2009, I sent a letter to David McGrath, National Bank of Arizona,  
20 legal counsel, denying my responsibility for the Bank's error in not obtaining Neil Gillespie's  
21 approval.

22            6.     My letter to Mr. McGrath was in response to his letter to me dated August 4, 2009.  
23 Mr. McGrath admitted in his letter in the second paragraph that "it was intended that both parties  
24 were to approve any draws against the loan." He also admitted that how Julia was able to obtain  
25 the funds is "unclear." (See Exhibit 1 attached hereto).  
26

27            7.     It is clear to me, however, that my former wife obtained the \$69,063.33 from the  
28 Bank due to the Bank's error.

1           8.     Prior to the July, 2009 disbursement by Plaintiff Bank, I had previously informed  
2 Ms. Gillespie not to release any funds to Julia Kerrigan and he agreed and assured me it would not  
3 happen; now, since the disbursement, Mr. Gillespie refuses to talk to me about the matter.

4           9.     How could this occur? Julia Kerrigan deceived me and the Bank by going to  
5 another branch of the Bank, thereby avoiding Mr. Gillespie.

6           10.    All of this was a great surprise to me. Prior to the July, 2009 draw, Mr. Gillespie  
7 agreed with me that a memo needed to be placed in my file that would trigger the requirement that  
8 he (Mr. Gillespie) and I had to approve any draw attempted by my former wife. I request that  
9 Plaintiff Bank provide me with a copy of such memo.

10           11.   I also believe the Bank is concealing information about this entire matter as the  
11 Bank has refused to supply to me any tapes of Julia Kerrigan's withdrawal efforts without a Court  
12 Order, which I intend to obtain. (See Exhibit 2, my email to Mr. Neuheisel dated July 24, 2009).

13           12.   As further evidence of my agreement with Mr. Gillespie requiring his approval to  
14 complete a draw by Julia Kerrigan, I am attaching to this Affidavit Exhibit 3 entitled, "Detail  
15 concerning NRC Structure." This Exhibit is a part of the exhibits contained in Plaintiff's  
16 Statement of Facts, as part of Exhibit 4. It expressly provides "Borrower MUST obtain approval  
17 from Loan Officer to complete a draw." Nothing could be clearer.

18           13.   The funds withdrawn by Julia Kerrigan in July, 2009 from the Plaintiff Bank were  
19 done wrongfully and without my authority or consent, and without the approval of the Loan  
20 Officer Mr. Gillespie; the Plaintiff Bank made an error.

21           //


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Further Your Affiant Sayeth Not.

  
Robert J. Kerrigan, Sr.

SUBSCRIBED AND SWORN to before me this 30th day of April, 2010, by Robert J. Kerrigan, Sr.

My Commission Expires:

\_\_\_\_\_

Michael K. Jeanes, Clerk of Court  
\*\*\* Electronically Filed \*\*\*  
06/21/2010 8:00 AM

SUPERIOR COURT OF ARIZONA  
MARICOPA COUNTY

CV 2009-054961

06/18/2010

HONORABLE BRIAN R. HAUSER

CLERK OF THE COURT  
W. Tenoever  
Deputy

NATIONAL BANK OF ARIZONA

ROBERT S PORTER

v.

ROBERT J KERRIGAN SR., et al.

RICHARD G NEUHEISEL

JULIA A KERRIGAN  
NO ADDRESS ON RECORD

RULING

Courtroom 109 - NE

11:03 a.m. This is the time set for Oral Argument on Plaintiff's Motion for Summary Judgment. Plaintiff National Bank of Arizona is represented by counsel, Robert S. Porter. Defendant Robert Kerrigan is present and represented by counsel, Richard G. Neuheisel. Defendant Julia A. Kerrigan is neither present nor represented by counsel.

A record of the proceedings is being made by CD (FTR) in lieu of a court reporter.

Arguments are heard.

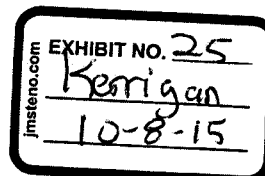
IT IS ORDERED taking Plaintiff's Motion for Summary Judgment under advisement.

11:27 a.m. Hearing concludes.

Docket Code 019

Form V000A

Page 1



ACC006166  
FILE #8503

SUPERIOR COURT OF ARIZONA  
MARICOPA COUNTY

CV 2009-054961

06/18/2010

LATER:

Even if there are questions of fact concerning whether Plaintiff complied with the terms of the line of credit agreement by paying Defendant's ex-wife without approval from a loan officer, Defendant has presented no evidence of damages under any cognizable legal theory. Plaintiff did no more than pay Defendant's ex-wife what Defendant agreed that she be paid by him in his dissolution action. Her affidavit gives Defendant full credit for the payment and she will be estopped from denying her receipt of the funds in any subsequent proceedings in the dissolution action.

IT IS ORDERED granting Plaintiff's motion for summary judgment on its claims\* and on Defendant's counterclaim.

This case is eFiling eligible: <http://www.clerkofcourt.maricopa.gov/efiling/default.asp>

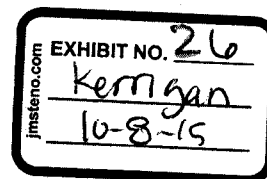
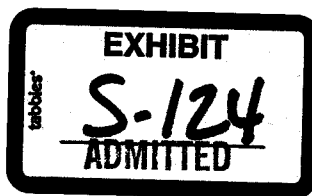
---

\* Except as to Julia A. Kerrigan.  
Docket Code 019

USA BARCELONA REALTY ADVISORS, LLC  
 1141  
 DATE 7-51-13  
 PAY TO THE ORDER OF Robert Kernigan \$ 4200.00  
Four thousand two hundred DOLLARS & 00/100  
 JOHNSON & ASSOC.  
 FOR August 2013 X-member comp

*Robert Kernigan*

Date:08/05/2013 Amount:\$4,200.00 Sequence:33201840 AppID:2

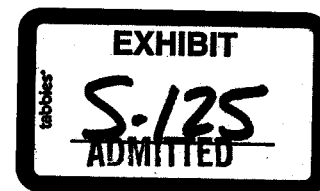


ACC006019  
 FILE #8503

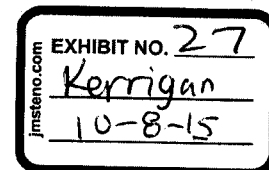
BARCELONA ADMINISTRATION COMPANY LLC		1024
DATE 8/30/13		
PAY TO THE ORDER OF Robert Kerrigan		\$ 4200.00
THOUSAND TWO HUNDRED		DOLLARS & 00/100
KERRIGAN		
SIGNATURE		

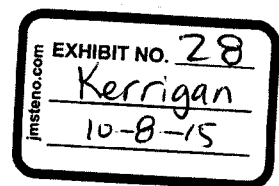
DATE 8/30/13		
PAY TO THE ORDER OF Robert Kerrigan		\$ 4200.00
THOUSAND TWO HUNDRED		DOLLARS & 00/100
KERRIGAN		
SIGNATURE		

Date:09/05/2013 Amount:\$4,200.00 Sequence:34833890 AppID:2



ACC006028  
FILE #8503





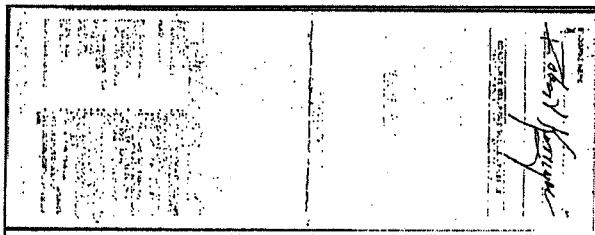
USA BARCELONA REALTY ADVISORS, LLC  
708 N. SCOTTSDALE RD SUITE 100  
SCOTTSDALE, AZ 85260

DATE 10-8-13

PAY TO THE ORDER OF Robert Kerrigan \$ 4200.00  
Four thousand two hundred DOLLARS

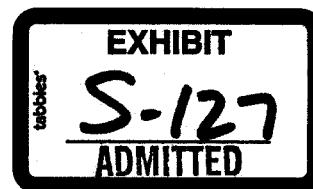
JOHNSON BANK

FOR [Signature]



Date:10/10/2013 Amount:\$4,200.00 Sequence:36776010 AppID:2

ACC006034  
FILE #8503

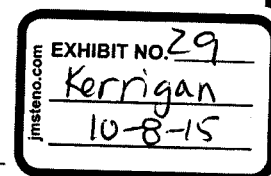


USA BARCELONA REALTY ADVISORS, LLC  
1194  
11-1-13  
\$4,200.00  
Four thousand two hundred  
JOHNSON BANK  
FOR

Handwritten notes and signatures on a grid background.

Date:11/04/2013 Amount:\$4,200.00 Sequence:37967440 AppID:2

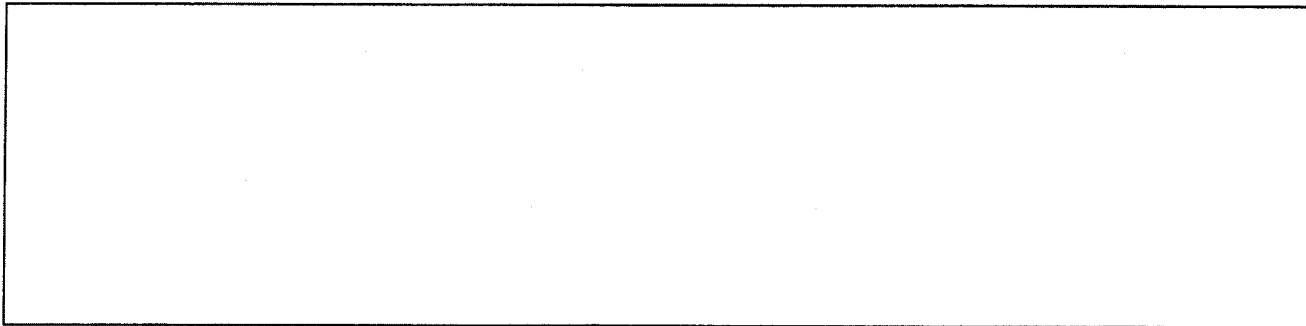
ACC006038  
FILE #8503



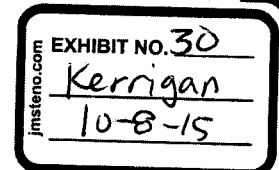
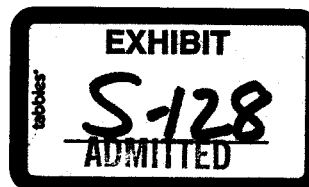
USA BARCELONA REALTY ADVISORS, LLC  
 1211  
 1211  
 DATE 12-2-13  
 TO THE ORDER OF Robert Kerrigan  
 \$ 4200.00  
 FOUR THOUSAND TWO HUNDRED DOLLARS  
 JOHNSON BANK  
 FOR: [Signature]

[Microprint area with vertical text and a signature on the right]

Date: 12/04/2013 Amount: \$4,200.00 Sequence: 39459390 AppID: 2



ACC006044  
 FILE #8503



USA BARCELONA REALTY ADVISORS, LLC  
1000 N. SCOTTSDALE RD SUITE 100  
SCOTTSDALE, AZ 85258

DATE 12-31-13 1241

PAY TO THE ORDER OF Robert Kerrigan \$ 4200.00

Four thousand two hundred DOLLARS

JOHNSON BANK

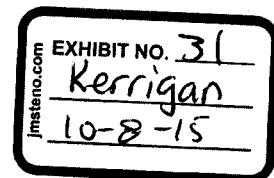
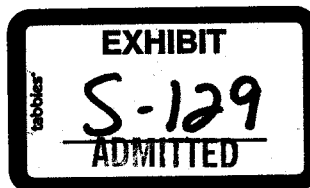
FOR DEPOSIT ONLY

21

8-5735

Robert Kerrigan

Date: 01/03/2014 Amount: \$4,200.00 Sequence: 41048090 AppID: 2



ACC006052  
FILE #8503

UBA BARCELONA REALTY ADVISORS, LLC  
 1000 N SCOTTSDALE RD SUITE 100  
 SCOTTSDALE, AZ 85260

DATE 8-8-14 1279

PAY TO THE ORDER OF Robert Kerrigan \$ 4200.00

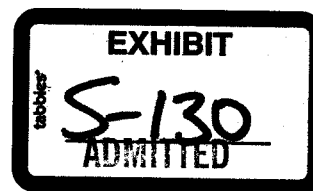
Four thousand two hundred DOLLARS

JOHNSON BANK

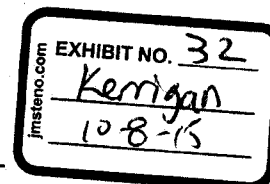
FOR Robert Kerrigan

Robert Kerrigan

Date:03/10/2014 Amount:\$4,200.00 Sequence:44291840 AppID:2



ACC006062  
 FILE #8503



1446 - \$2,100.00 - 4/21/2014

USA Barcelona Realty Advisors, LLC  
7025 N Scottsdale Road, Suite 160  
Scottsdale, AZ 85253

ALLIANCE BANK OF ARIZONA  
Scottsdale Office  
Scottsdale, AZ 85253  
61-5901221

1446

4/16/2014

PAY TO THE ORDER OF Robert Kerrigan \$2,100.00

Two Thousand One Hundred and 00/100

Robert Kerrigan  
[REDACTED] AZ

A TAMPER RESISTANT VOUCHER

DOLLARS

"Two signatures required for checks over \$5,000"

MEMO

Handwritten signature: [Signature]

1446 - \$7,100.00 - 4/21/2014

*Handwritten signature: Charles J. [illegible]*

DO NOT WRITE STAMP OR SIGN BELOW THIS LINE

1. NAME OF THE COMPANY: [illegible]  
2. ADDRESS: [illegible]  
3. CITY: [illegible]  
4. STATE: [illegible]  
5. ZIP: [illegible]  
6. PHONE: [illegible]  
7. FAX: [illegible]  
8. E-MAIL: [illegible]  
9. WEBSITE: [illegible]  
10. OTHER: [illegible]

11. NAME OF THE INDIVIDUAL: [illegible]  
12. ADDRESS: [illegible]  
13. CITY: [illegible]  
14. STATE: [illegible]  
15. ZIP: [illegible]  
16. PHONE: [illegible]  
17. FAX: [illegible]  
18. E-MAIL: [illegible]  
19. WEBSITE: [illegible]  
20. OTHER: [illegible]

21. NAME OF THE INDIVIDUAL: [illegible]  
22. ADDRESS: [illegible]  
23. CITY: [illegible]  
24. STATE: [illegible]  
25. ZIP: [illegible]  
26. PHONE: [illegible]  
27. FAX: [illegible]  
28. E-MAIL: [illegible]  
29. WEBSITE: [illegible]  
30. OTHER: [illegible]

31. NAME OF THE INDIVIDUAL: [illegible]  
32. ADDRESS: [illegible]  
33. CITY: [illegible]  
34. STATE: [illegible]  
35. ZIP: [illegible]  
36. PHONE: [illegible]  
37. FAX: [illegible]  
38. E-MAIL: [illegible]  
39. WEBSITE: [illegible]  
40. OTHER: [illegible]

41. NAME OF THE INDIVIDUAL: [illegible]  
42. ADDRESS: [illegible]  
43. CITY: [illegible]  
44. STATE: [illegible]  
45. ZIP: [illegible]  
46. PHONE: [illegible]  
47. FAX: [illegible]  
48. E-MAIL: [illegible]  
49. WEBSITE: [illegible]  
50. OTHER: [illegible]

51. NAME OF THE INDIVIDUAL: [illegible]  
52. ADDRESS: [illegible]  
53. CITY: [illegible]  
54. STATE: [illegible]  
55. ZIP: [illegible]  
56. PHONE: [illegible]  
57. FAX: [illegible]  
58. E-MAIL: [illegible]  
59. WEBSITE: [illegible]  
60. OTHER: [illegible]

61. NAME OF THE INDIVIDUAL: [illegible]  
62. ADDRESS: [illegible]  
63. CITY: [illegible]  
64. STATE: [illegible]  
65. ZIP: [illegible]  
66. PHONE: [illegible]  
67. FAX: [illegible]  
68. E-MAIL: [illegible]  
69. WEBSITE: [illegible]  
70. OTHER: [illegible]

71. NAME OF THE INDIVIDUAL: [illegible]  
72. ADDRESS: [illegible]  
73. CITY: [illegible]  
74. STATE: [illegible]  
75. ZIP: [illegible]  
76. PHONE: [illegible]  
77. FAX: [illegible]  
78. E-MAIL: [illegible]  
79. WEBSITE: [illegible]  
80. OTHER: [illegible]

81. NAME OF THE INDIVIDUAL: [illegible]  
82. ADDRESS: [illegible]  
83. CITY: [illegible]  
84. STATE: [illegible]  
85. ZIP: [illegible]  
86. PHONE: [illegible]  
87. FAX: [illegible]  
88. E-MAIL: [illegible]  
89. WEBSITE: [illegible]  
90. OTHER: [illegible]

91. NAME OF THE INDIVIDUAL: [illegible]  
92. ADDRESS: [illegible]  
93. CITY: [illegible]  
94. STATE: [illegible]  
95. ZIP: [illegible]  
96. PHONE: [illegible]  
97. FAX: [illegible]  
98. E-MAIL: [illegible]  
99. WEBSITE: [illegible]  
100. OTHER: [illegible]

**EXHIBIT**

S-131  
ADMITTED

EXHIBIT NO. 33  
Kerrigan  
10-8-15

ACC001566  
FILE #8503

1417 - \$4,200.00 - 4/8/2014

1417

USA Barcelona Realty Advisors, LLC  
7025 N Scottsdale Road, Suite 160  
Scottsdale, AZ 85253

ALLIANCE BANK OF ARIZONA  
Scottsdale Office  
Scottsdale, AZ 85253  
91-698/1221

4/1/2014

PAY TO THE ORDER OF Robert Kerrigan \$ 4,200.00

Four Thousand Two Hundred and 00/100 DOLLARS

Robert Kerrigan  
AZ

A TAMPER RESISTANT SECURITY AREA

Two signatures required for checks over \$5,000

MEMO

Do not write on back of check

1417 - \$4,200.00 - 4/8/2014

ENCLOSURE HERE

DO NOT WRITE ON BACK OF CHECK

1417 - \$4,200.00 - 4/8/2014

USA Barcelona Realty Advisors, LLC  
7025 N Scottsdale Road, Suite 160  
Scottsdale, AZ 85253

ALLIANCE BANK OF ARIZONA  
Scottsdale Office  
Scottsdale, AZ 85253  
91-698/1221

4/1/2014

PAY TO THE ORDER OF Robert Kerrigan \$ 4,200.00

Four Thousand Two Hundred and 00/100 DOLLARS

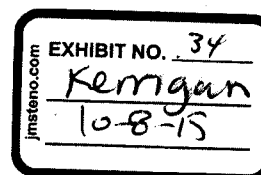
Robert Kerrigan  
AZ

A TAMPER RESISTANT SECURITY AREA

Two signatures required for checks over \$5,000

MEMO

Do not write on back of check



ACC001548

FILE #8503

INVESTMENT AGREEMENT AND PROMISSORY NOTE

\$30,000.00

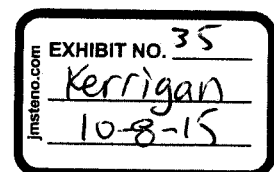
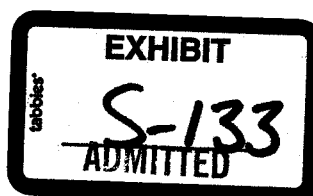
February 14, 2013

For value received Barcelona Administration Company, LLC, an Arizona limited liability company (the "Borrower"), whose office is located at [REDACTED], AZ [REDACTED] promises to pay to Robert J. Kerrigan (the "Lender") or order, at [REDACTED] AZ [REDACTED] or such address as so instructed by Lender, the principal sum of thirty thousand dollars (\$30,000.00). Borrower and Lenders are referred to herein as the "Parties". Additionally, Borrower shall issue to Lender thirty (30) fully paid Class A Units ("Units") of member interest in Barcelona Administration Company; said Units shall be evidenced by a subscription agreement which the Parties agree to execute when issued by Borrower but no later than the earlier of such date as Borrower has closed on a minimum of \$220,000 of new capital or March 30, 2013.

1. Maturity. If not sooner paid in accordance with the terms hereof, the outstanding principal amount of this Promissory Note shall be due and payable as to principal in full on June 30, 2013 (the "Maturity Date"). All payments shall be paid in lawful money of the United States.
2. Extension. The Maturity Date of the Promissory Note may be extended based on agreement of the Parties to a later date as exclusively agreed to by Lender.
3. Prepayment. Borrower may prepay this Promissory Note at any time.
4. Default. Should a default be made in the payment of any amount due under the Promissory Note, the entire principal sum shall at once become due and payable, without notice, at the option of the Lender. Failure to exercise this option shall not constitute a waiver of the right to exercise the same in the event of any subsequent default.
5. Collection Costs. Borrower agrees to pay all costs of collection, including a reasonable attorney's fee, if this Promissory Note is not paid promptly when due and the same is given to any attorney for collection, whether suit be brought or not.

By: Barcelona Administration Company, LLC

By:   
Richard C. Harkins, Its Manager



INVESTMENT AGREEMENT AND PROMISSORY NOTE

\$30,000.00

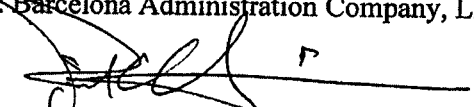
February 22, 2013

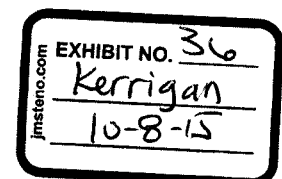
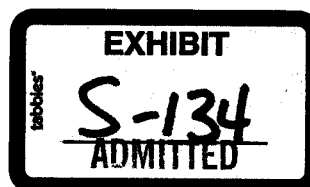
This is the second loan transaction between the Parties. The first transaction is evidenced by an Investment Agreement And Promissory Note dated February 14, 2013.

For value received Barcelona Administration Company, LLC, an Arizona limited liability company (the "Borrower"), whose office is located at [REDACTED], AZ [REDACTED] promises to pay to Robert Kerrigan (the "Lender") or order, at such address as so instructed by Lender, the principal sum of thirty thousand dollars (\$30,000.00). Borrower and Lenders are referred to herein as the "Parties". Additionally, Borrower shall issue to Lender ~~thirty (30)~~ <sup>sixty (60)</sup> fully paid Class A Units ("Units") of member interest in Barcelona Administration Company; said Units shall be evidenced by a subscription agreement which the Parties agree to execute when issued by Borrower but no later than the earlier of such date as Borrower has closed on a minimum of \$220,000 of new capital or March 30, 2013.

1. Maturity. If not sooner paid in accordance with the terms hereof, the outstanding principal amount of this Promissory Note shall be due and payable as to principal in full on June 30, 2013 (the "Maturity Date"). All payments shall be paid in lawful money of the United States.
2. Extension. The Maturity Date of the Promissory Note may be extended based on agreement of the Parties to a later date as exclusively agreed to by Lender.
3. Prepayment. Borrower may prepay this Promissory Note at any time.
4. Default. Should a default be made in the payment of any amount due under the Promissory Note, the entire principal sum shall at once become due and payable, without notice, at the option of the Lender. Failure to exercise this option shall not constitute a waiver of the right to exercise the same in the event of any subsequent default.
5. Collection Costs. Borrower agrees to pay all costs of collection, including a reasonable attorney's fee, if this Promissory Note is not paid promptly when due and the same is given to any attorney for collection, whether suit be brought or not.

By: Barcelona Administration Company, LLC

By:   
Richard C. Harkins, Its Manager



RJK00009

**ORIGINAL**

**USA BARCELONA REALTY ADVISORS, L.L.C.**

**PROMISSORY NOTE**

**FOR VALUE RECEIVED**, USA BARCELONA REALTY ADVISORS, L.L.C., an Arizona limited liability company ("Maker") promises to pay to the order of Robert J. Kerrigan ("Payee"), at the mailing address of Payee, or at such other place as the holder may from time to time designate, the principal sum of Seventy Thousand Dollars (\$70,000.00), together with interest on the unpaid amount of such sum at the Interest Rate (as defined below).

1. **Payments and Interest Rate** - The Note will earn interest at a twelve percent (12%) annual interest rate. Interest will accrue from the date of issuance, and will be paid as follows:

(a) **Principal and any earned and unpaid interest shall be paid from proceeds received by Maker from new investors in the Maker's Series A 12-6-12 Note Offering.**

(b) **The Note Term Date is the following business day following deposits in Maker's Johnson Bank account of new investments totaling the Note amount of \$70,000.00.**

2. **Default.** The failure by Maker to pay principal and interest due under this Note in accordance with its terms shall constitute an Event of Default. Upon the occurrence of any Event of Default, the Payee may exercise any and all rights and remedies available at law or in equity.

3. **Owner: Corporate Liability Only.** The Maker may treat the Payee as the owner of this Note for any purpose whether or not this Note is overdue, and neither the Maker nor any such agent shall be affected by notice to the contrary. No recourse shall be had for the payment of principal or interest on this Note, or for any claim based on this Note, against any Member or President of the Maker.

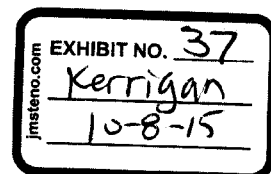
4. **Attorneys' Fees.** Maker, any endorsers, guarantors, sureties, or accommodation parties, and all other persons liable or to become liable on this Note, jointly and severally agree to pay all fees and costs incurred in connection with the collection of the amounts due and owing under this Note, including attorneys' fees and all costs.

5. **Governing Law and Severability.** This Note is made pursuant to, and shall be construed and governed by, the laws of the State of Arizona. Maker submits to the exclusive jurisdiction of the courts of Maricopa County, Arizona. If any provision of this Note is construed or interpreted by a court of competent jurisdiction to be void, invalid or unenforceable, such determination shall affect only those provisions so construed or interpreted and shall not affect the remaining provisions of the Note.

6. **Time of Essence.** Time is of the essence of this Note.

7. **Notices.** All notices under this Note shall be in writing and shall be deemed delivered upon personal delivery to the authorized representatives of either party or 48 hours after being sent by certified mail (registered mail if to an address outside of the United States), return receipt requested, postage prepaid, addressed to the respective parties at the addresses set forth below.

8. **Waiver.** Maker for itself and for its successors, transferees and assigns, hereby waives presentment and demand for payment, protest, notice of protest and nonpayment. Maker agrees that this Note and any or all payments coming due hereunder may be extended or renewed from time to time without in any way affecting or diminishing Maker's liability under this Note.



2-1-13  
[Signature]  
RJK00014

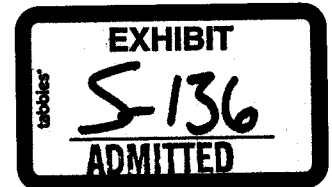


BEFORE THE  
ARIZONA CORPORATION COMMISSION  
SECURITIES DIVISION

IN THE MATTER OF: )  
 ) FILE NO.  
USA BARCELONA REALTY ADVISORS, ) 8503  
LLC, USA BARCELONA HOTEL LAND )  
COMPANY I, LLC, RICHARD C. )  
HARKINS, ROBERT J. KERRIGAN, )  
GEORGE T. SIMMONS, and BRUCE ORR.)  
\_\_\_\_\_)

EXAMINATION UNDER OATH OF BRUCE LEE ORR  
TELECONFERENCE

Phoenix, Arizona  
October 20, 2015



COASH & COASH, INC.  
Court Reporting, Video & Videoconferencing  
1802 N. 7th Street, Phoenix, AZ 85006  
602-258-1440 mh@coashandcoash.com

Prepared by:  
Karen L. Kessler, RPR  
Certified Reporter  
Certificate No. 50821

## 1 INDEX TO EXAMINATIONS

2 WITNESS PAGE

3 BRUCE LEE ORR

4	Examination by Mr. Kitchin	7
	Examination by Mr. Beliak	42
5	Further Examination by Mr. Kitchin	46

6

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8

## 9 INDEX TO EXHIBITS

10 NO.	DESCRIPTION	MARKED	IDENTIFIED
11	NONE		

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1 EXAMINATION UNDER OATH OF BRUCE LEE ORR  
2 was taken on October 20th, 2015, commencing at  
3 9:02 a.m., at the Arizona Corporation Commission,  
4 Securities Division, 1300 West Washington Street,  
5 Phoenix, Arizona, before KAREN L. KESSLER, RPR,  
6 Certified Reporter No. 50821 in and for the County of  
7 Maricopa, State of Arizona.

8 The witness testified via teleconference.  
9

10 APPEARANCES:

11 For the Arizona Corporation Commission Securities  
12 Division:

13 Mr. Paul Kitchin, Staff Attorney  
14 1300 West Washington Street, Third Floor  
Phoenix, Arizona 85007-2996

15 For Respondent Bruce Lee Orr:

16 Mr. Bruce Lee Orr, Pro Per  
17 [REDACTED]  
18 [REDACTED], California [REDACTED]

19  
20 ALSO PRESENT:

21 Mr. Avi Beliak, Accountant  
22  
23  
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1                   BRUCE LEE ORR,  
2   called as a witness herein, having been first duly sworn  
3   by the Certified Reporter to speak the truth and nothing  
4   but the truth, was examined and testified as follows:  
5

6                   EXAMINATION

7   BY MR. KITCHIN:

8       Q.       This is part of an inquiry by the Securities  
9   Division of the Arizona Corporation Commission in the  
10   matter of USA Barcelona Realty Advisors, LLC, USA  
11   Barcelona Hotel Land Company I, LLC, Richard C. Harkins,  
12   Robert J. Kerrigan, George T. Simmons, and Bruce Orr to  
13   determine if there has been full compliance with the  
14   Securities Act of the State of Arizona. The information  
15   obtained today may reveal violations of statutes outside  
16   the Securities Act.

17               Mr. Orr, you have the right to refuse to answer  
18   any questions if you think they may tend to incriminate  
19   you. You have the right to refuse to produce any  
20   private papers which you feel may tend to incriminate  
21   you. You do not have the right to refuse to produce  
22   corporate papers based on any claim of  
23   self-incrimination.

24               Now, do you understand that you have the right  
25   to be represented by counsel?

1 A. I do understand.

2 Q. And would you like to go forward today without  
3 an attorney?

4 A. Yes, I would.

5 Q. Okay. So we are going to assume that you're  
6 waiving your right to counsel because of that.

7 A. Yes.

8 Q. If at any time you feel you need legal counsel,  
9 tell me immediately and we will stop and allow you to  
10 obtain counsel.

11 A. Okay. I understand.

12 Q. The reporter will go off the record at my  
13 direction. If you would like to go off the record, tell  
14 me and I will try to accommodate you.

15 A. Okay.

16 Q. The reporter will -- sorry. Go ahead.

17 A. No, that's fine.

18 Q. Okay. The reporter will note for the record --  
19 never mind.

20 Since your testimony is being recorded by a  
21 reporter, please respond verbally as opposed to nodding  
22 or shaking your head since we won't hear you.

23 Also, please let me finish asking a question  
24 before you answer so there will not be two people  
25 speaking at once.

1           If you don't hear a question or don't understand  
2 a question, say so and the reporter will repeat it or I  
3 will explain the question further.

4           And you are under oath, so any false statements  
5 you make may be criminally prosecuted as perjury.

6           Do you understand what I have explained so far?

7       A.     I understand.

8       Q.     Thanks.

9           What is your full name?

10      A.     Bruce Lee Orr.

11      Q.     Have you ever used any other name?

12      A.     No, I have not.

13      Q.     Are you taking any medication, or do you have a  
14 physical problem that would prevent you from hearing or  
15 understanding any of my questions?

16      A.     No.

17      Q.     What is your home address?

18      A.     Home address is [REDACTED],  
19 California, [REDACTED]

20      Q.     What is your home address?

21      A.     That is my home address.

22      Q.     Oh, I'm sorry.

23           How long have you lived there?

24      A.     31 years.

25      Q.     Do you rent or own your home?

1 A. I own my home.

2 Q. What is your home telephone number?

3 A. I have a cell phone. We got rid of the home  
4 phone number, but the cell phone number is area code

5 [REDACTED]

6 Q. Thank you. Next, I'm going to ask for your  
7 social security number; however, under the Federal Right  
8 to Privacy Act, you are not obligated to answer. If you  
9 do answer, the information will be used only for  
10 identification purposes.

11 What is your social security number?

12 A. [REDACTED]

13 Q. What is your occupation?

14 A. I am an independent contractor consultant  
15 developer, real estate developer.

16 Q. Are you currently employed or contracted to any  
17 other company?

18 A. I do some consulting work for other companies,  
19 but I am primarily working on a project of my own.

20 Q. What is your business address?

21 A. Right now it is the same as the home address.

22 Q. And your business telephone number?

23 A. The same as the cell phone number.

24 Q. Where were you last employed before you became  
25 self-employed?

1 A. Wells Fargo Bank.

2 Q. In what time frame was that?

3 A. 1991.

4 Q. And what was your occupation there?

5 A. I was a commercial loan officer.

6 Q. And when did you leave Wells Fargo?

7 A. It was approximately 1991.

8 Q. Oh, I'm sorry. When did you start at Wells  
9 Fargo?

10 A. I think it was 1986.

11 Q. And where were you employed before there?

12 A. I was employed by American Home Products.

13 Q. And when did you start there?

14 A. I do not remember.

15 Q. Approximately.

16 A. 1981.

17 Q. And what was your job there?

18 A. I was a sales rep.

19 Q. What is your educational background?

20 A. I have a bachelor's degree from Long Beach State  
21 University, and a master's in business administration  
22 from Pepperdine University.

23 Q. Have you taken any courses in investments?

24 A. A little bit. Some seminars and things, but  
25 nothing specifically towards investment.

1 Q. What kinds of seminars were those?

2 A. Well, just general investing and, you know,  
3 capital raising, things like that.

4 Q. Who put on the seminars?

5 A. Oh, they were various conferences I may have  
6 gone to. There was some training when I was with Wells  
7 Fargo, things like that.

8 Q. And what kind of fundraising were they  
9 instructing on?

10 A. More on corporate capital.

11 Q. Have you taken any courses in accounting?

12 A. Yes.

13 Q. And can you describe those courses?

14 A. General accounting, managerial accounting, let's  
15 see, took a cost accounting -- it's quite awhile ago,  
16 so...

17 Q. All right.

18 A. Yeah.

19 Q. Are you an officer or director of any company or  
20 LLC?

21 A. I am now an officer of a corporation I started  
22 in June of this year.

23 Q. And what corporation is that?

24 A. That is 356 Advisors, Inc.

25 Q. And what is its business?

1       A.     Real estate development consulting, and we are  
2     working on a project of our own right now.

3       Q.     What kind of a project is that?

4       A.     It is a hotel development -- a mixed use with  
5     hotel development project in northern California.

6       Q.     And does the company employ anyone other than  
7     you?

8       A.     My son.

9       Q.     Okay. And are you an officer or director or  
10    manager of Bruce Orr and Associates?

11      A.     That's a sole proprietor, and, yes, I mean, I am  
12    Bruce Orr and Associates.

13      Q.     Right. It doesn't, that company doesn't have  
14    any business outside of your own self-employment?

15      A.     No, it does not.

16      Q.     Are you connected with any businesses other than  
17    Bruce Orr and Associates and 365 Advisors?

18      A.     356.

19      Q.     I'm sorry 356.

20      A.     No I'm not.

21      Q.     Have you ever been convicted of any crime other  
22    than a minor traffic offense?

23      A.     No, I have not.

24      Q.     Have you ever been arrested?

25      A.     Yes.

1 Q. Can you describe that?

2 A. I was basically falsely accused, arrested for  
3 grand theft, and the case was subsequently dismissed.

4 Q. And when was the approximate date of the arrest?

5 A. I don't know. Seven years ago.

6 Q. And where had the case been filed?

7 A. In Los Angeles.

8 Q. Do you remember which court it was in?

9 A. I don't understand. What do you mean? Which --

10 Q. Like --

11 A. -- location?

12 Q. Right. Like the name of the particular court  
13 location.

14 A. It was, I believe in Compton.

15 Q. Is it, is it Compton District Court, or does it  
16 have some other name?

17 A. It was Los Angeles. I don't know if it was  
18 Superior Court or whatever.

19 Q. And it was a criminal complaint?

20 A. Yes, it was.

21 Q. And how was the case --

22 A. Well, that's the way it was filed, yes.

23 Q. How was the case dismissed?

24 A. We resolved it. It was basically a civil matter  
25 where we settled the civil matter and they dismissed the

1 criminal.

2 Q. Where was the, what court was the civil matter  
3 in?

4 A. It never went to a court. We just came to an  
5 agreement.

6 Q. I see. What were the, what were the  
7 allegations?

8 A. That I had taken money from a company that I was  
9 consulting for.

10 Q. Have you ever been indicted?

11 A. What do you mean by indicted?

12 Q. It's, it's a legal term for bringing charges of  
13 a certain level of severity.

14 A. Well, they brought charges there, but that was  
15 it.

16 Q. Do you know if a grand jury had to review those  
17 charges before they were made?

18 A. I don't think so.

19 Q. Have you ever been the defendant in a civil  
20 lawsuit?

21 A. No.

22 Q. Have you ever filed for bankruptcy?

23 A. No.

24 Q. Have you ever been the subject of an  
25 investigation by any governmental agency?

1 A. No.

2 Q. Have you given any prior testimony in connection  
3 with any of the USA Barcelona companies?

4 A. No.

5 Q. Are you a registered broker/dealer?

6 A. No.

7 Q. Are you a registered securities salesman?

8 A. No.

9 Q. Are you a licensed investment advisor?

10 A. No.

11 Q. Have you ever been a registered broker/dealer,  
12 registered securities salesman, or licensed investment  
13 advisor?

14 A. No.

15 Q. Do you have any state licenses other than a  
16 driver's license?

17 A. No.

18 Q. What is your date of birth?

19 A. [REDACTED]

20 Q. What is your place of birth?

21 A. [REDACTED], California.

22 Q. What is your marital status?

23 A. I am married.

24 Q. And what is your spouse's name?

25 A. Susan.

1 Q. I'm sorry. What's her full name?

2 A. Susan Saffer, S-A-F-F-E-R, Orr.

3 Q. When were you married?

4 A. September 8th, 1984.

5 Q. Do you have any children?

6 A. Two.

7 Q. What are their full names?

8 A. Jonathan Wilfred Orr, and Allison Lee Orr.

9 Q. What are their ages?

10 A. Jonathan is 27, Allison is 23.

11 Q. What are their addresses?

12 A. Right now -- well, they would both be officially  
13 listed as here, at my same address.

14 Q. Do they live somewhere else?

15 A. Jonathan is living here now. My daughter is  
16 attending optometry school and lives in, you know, a  
17 student housing apartment.

18 Q. And where does she go to school?

19 A. She goes to the Southern California College of  
20 Optometry in Fullerton.

21 Q. Where do you hold your personal bank accounts?

22 A. Chase Bank.

23 Q. Where did USA Barcelona Realty Advisors hold its  
24 business bank accounts?

25 A. I'm not really sure. They had a couple of

1 banks. I don't remember. They were both local Arizona  
2 banks.

3 Q. Do you know who the signers on their accounts  
4 were?

5 A. I believe Dick Harkins, Simmons, and Jeff Teets,  
6 I believe.

7 Q. Did you have access to any of USA Barcelona  
8 Realty Advisors' bank accounts, debit cards, or  
9 electronic transfers?

10 A. No.

11 Q. Do you know who did have access to the company's  
12 bank accounts, debit cards, or electronic transfers?

13 A. I believe those same three individuals. I think  
14 it was Harkins, Simmons, and Teets.

15 Q. Who did any accounting work for USA Barcelona  
16 Realty Advisors?

17 A. Connie Cook, the administrative assistant, did  
18 some, and Jeff Teets, the chief financial officer, was  
19 the, oversaw everything. I'm not sure who the outside  
20 accountants might have been.

21 Q. How was USA Barcelona Realty Advisors started?

22 A. I believe by Mr. Simmons and Mr. Harkins.

23 Q. Do you know who was involved with the start, if  
24 it was anyone other than those two?

25 A. I do not know.

1 Q. How was the company funded?

2 A. I was not really involved in that at all. They  
3 had investors, and I'm not sure where they got them.

4 Q. How many employees or independent contractors  
5 did the company have?

6 A. All together, I think eight or nine at one time,  
7 or maybe ten. I don't know. Somewhere in that area.

8 Q. How many of those people had written contracts?

9 A. I do not know.

10 Q. Did the company have any revenue?

11 A. No.

12 Q. What investment offerings did the company make?

13 A. The only -- I mean, I know that Dick Harkins was  
14 constantly working on private placement memorandums, but  
15 I'm not sure what was ever officially issued. It was  
16 not something I was involved in.

17 Q. Do you know how the company was searching for  
18 investors?

19 A. I think through Mr. Kerrigan and, you know, word  
20 of mouth, kind of talking to individuals.

21 Q. And what kind of word of mouth efforts were you  
22 aware of?

23 A. I don't, we -- they had hired a couple of guys  
24 to reach out to broker/dealer communities or other  
25 individuals. Mr. Simmons was a member at Paradise

1 Valley Country Club, and I think he reached out to some  
2 of his high net worth individual friends. But, here  
3 again, I was not involved in the fundraising, so I don't  
4 really know.

5 Q. What were Mr. Kerrigan's efforts?

6 A. Other than bringing in some investors, I don't  
7 know. He was not at the company on a day-to-day basis.

8 Q. Who drafted the company's private placement  
9 memoranda?

10 A. Mr. Harkins.

11 Q. Do you know if anyone else was working with him  
12 to draft them?

13 A. In the beginning he asked for input into those,  
14 but when we kept criticizing and he kept changing it  
15 every day, he thought too many people were involved in  
16 it, and so he took it over, and he was primarily  
17 responsible and said that he was running it past  
18 counsel. But I'm not sure how it all shook out. Here  
19 again, that was not what I was involved in.

20 Q. Do you remember, approximately, when he decided  
21 to keep them for himself?

22 A. I do not remember. Mid 2013 or so.

23 Q. When did you start working with the company?

24 A. I started basically meeting with them in 2013,  
25 kind of consulting on potential projects.

1 Q. Do you remember --

2 A. I might have met with them early 2013. I mean,  
3 I came over a couple of times just to show projects I  
4 was working on. I didn't really start working with them  
5 until later in the year.

6 Q. Do you remember, approximately, when in the year  
7 you started working with them?

8 A. Well, mid year sometime.

9 Q. Before you started working with them, had you  
10 made any kind of deposit or loan or investments in the  
11 company?

12 A. Before I started working with them?

13 Q. Yes.

14 A. No. I made them a loan about the time I  
15 started. A \$5,000 loan, which was repaid.

16 Q. And --

17 A. That was end of '13 when it was repaid, end of  
18 '13, early -- end of '13 when it was repaid, I believe.

19 Q. The time you made that loan is the time you  
20 started working with them?

21 A. Yes. Yes. About that time.

22 Q. And is that, is that the time you started  
23 working with the company directly, or when you started  
24 consulting with them, as you described?

25 A. I don't remember the date of the loan. I -- it

1 was about the time -- I was never really more than just  
2 a consultant anyway -- so it was probably about the time  
3 that I started consulting, slash, working for them.

4 Q. Do you know what documents were provided to any  
5 other investors in the company?

6 A. No, I do not.

7 Q. What were the investment funds supposed to be  
8 used for?

9 A. Well, the first was supposed to be working  
10 capital, I believe. And then we were supposed to start  
11 raising money to do development projects, which was --  
12 my responsibility was to bring development projects.  
13 But I don't believe funds were ever raised for that.

14 Q. Were Mr. Kerrigan, Mr. Simmons, or anyone else,  
15 ever offered any commissions for finding investors, or  
16 finder's fees?

17 A. I don't know.

18 Q. How was USA Barcelona Realty Advisors managed?

19 A. Dick Harkins, basically, called all the shots.

20 Q. Did investors in the company have any  
21 responsibilities after making their investments?

22 A. Shortly before I resigned, Rod Eaves had come in  
23 to work with the company a little bit, but I'm not sure  
24 what kind of responsibilities he had even.

25 Q. Did any investors, other than Mr. Eaves, have

1 any responsibilities after paying their investment?

2 A. Not that I know of.

3 Q. What was your role at USA Barcelona Realty  
4 Advisors?

5 A. I was to consult and bring in development  
6 projects that could be done.

7 Q. And what do you mean by development projects?

8 A. Hotel development projects. That's my  
9 specialty.

10 Q. And what would bringing in such projects consist  
11 of?

12 A. Basically, sourcing the project, doing analysis  
13 on the project, you know, presenting it to everybody  
14 there. And they used that to, I believe, try to raise  
15 funds. You know, we were trying to do hotel development  
16 projects, and I was the one that knew how to find the  
17 locations. I had all the contacts with the hotel  
18 companies and management companies, things along those  
19 lines.

20 Q. What was Richard Harkins' role at the company?

21 A. He was the president of company.

22 Q. And what did he do as the president?

23 A. He was, essentially, in charge of everything.

24 Q. And what all did that, what all did that  
25 include?

1       A.     He was supposed to oversee everything from  
2     raising capital to, you know, what projects were going  
3     to be done, to management of day-to-day operations,  
4     essentially, in charge of everything.

5       Q.     And did he assert that he was in charge of  
6     everything, or was that just sort of a practical  
7     reality?

8       A.     Both. He made it very clear that he was the  
9     president of the company.

10      Q.     And did he make it clear that all the decisions  
11     ultimately were his?

12      A.     For the most part, yes.

13      Q.     When -- what situations would come up when he  
14     would make such a claim?

15      A.     He was basically calling the shots on everything  
16     day-to-day. One example, if I can give you an example.

17      Q.     Sure.

18      A.     One example, I proposed a restructure of the  
19     company because I did not feel that what they were  
20     trying to do made sense, and he made it very clear that  
21     we were not going to change course with the company  
22     because he and Mr. Simmons had discussed it, they would  
23     be voting together, so it didn't matter because he had  
24     the tie-breaking vote for executive committee anyway.

25             I do have an email, basically, to that effect

1 from him that I could provide.

2 Q. That would be helpful. Thank you.

3 A. Okay. Hold on. Let me make a note on that. I  
4 will have to find it.

5 Q. Okay. What was Mr. Robert Kerrigan's role of  
6 the company?

7 A. He was listed as an executive member. Like I  
8 said, he was not involved in day-to-day. And it was my  
9 understanding that he was, essentially, raising capital.

10 Q. Do you know if he had any role beyond raising  
11 capital?

12 A. Like I said, other than as an executive member,  
13 which I was listed as an executive member as well, but  
14 we never really had executive member meetings to talk  
15 about major issues.

16 Q. How was it decided who the executive members  
17 would be?

18 A. They had decided that when they brought me in.  
19 They asked me to come in as an executive member.

20 Q. And what did they say that being an executive  
21 member would consist of?

22 A. They said that we would handle major decisions.  
23 But, like I said, I'm not sure on what major decisions  
24 were.

25 Q. Did you ever read the operating agreement and

1 how it defined the powers of the executive members?

2 A. Yes. A long time ago. I don't exactly remember  
3 it.

4 Q. Do you recall, broadly, what the, what the  
5 powers of the executive members were supposed to be?

6 A. Well, we were supposed to be able to hire the  
7 president, and then make major decisions.

8 Q. Did Mr. Harkins -- I'm sorry. Go ahead.

9 A. Like I said, I do not remember what was defined  
10 as major decisions.

11 Q. Did Mr. Harkins ever cite any particular  
12 provision in the operating agreement that gave him some  
13 tie-breaking power on the executive committee?

14 A. Yeah. He pointed out to me that there were four  
15 executive members and that the president had the  
16 tie-breaking vote.

17 Q. Do you recall when he pointed that out?

18 A. I do not remember, but it was on more than one  
19 occasion.

20 Q. What kind of issues did he say were going to be  
21 deadlocked two to two, with him and Simmons voting  
22 together?

23 A. Like I said, the one, the only one that he ever  
24 specifically alluded to was when I proposed restructure.

25 Q. And how often did the four executive members

1 meet together, even if the meetings weren't described as  
2 being executive member meetings?

3 A. Okay. We had, in the entire time I was there,  
4 we had one formal meeting where we actually took  
5 minutes. Other than that, we might go to lunch together  
6 or meet for a cocktail in the evening.

7 Q. Was any business ever discussed at informal  
8 meetings?

9 A. We would discuss business, but never took any  
10 kind of formal vote or anything.

11 Q. Was any informal decision making made at such  
12 meetings?

13 A. I, I'm not sure how to answer that.  
14 Could you answer that -- ask that again?

15 Q. Sure.

16 Can you read that?

17 (The record was read by the reporter as follows:

18 Question: Was any informal decision making made  
19 at such meetings?)

20 THE WITNESS: It was more, he -- more  
21 informative, where he would inform us what he was  
22 planning on doing and maybe ask an opinion, but not so  
23 much, we need to decide if we're going to do this.

24 Q. And was he, was he asking opinions to test the  
25 waters of whether such decision would pass if it were

1 formally voted on?

2 A. In certain instances, yes.

3 Q. And what kind of instances were those?

4 A. I don't specifically remember.

5 Q. About how many meetings, about how many informal  
6 meetings were like that to have sort of an informal  
7 discussion about whether something would be formally  
8 approved if it were formally raised?

9 A. Where all four of us were together?

10 Q. Correct.

11 A. Maybe once a month or once every other month.  
12 Like I said, it was usually more in a social setting.

13 Q. And how often were such meetings where not all  
14 four of you were present?

15 A. That happened frequently when I was in the  
16 office with Mr. Simmons and Mr. Harkins, or maybe where  
17 Mr. Kerrigan would come in. It was often a lot of  
18 meetings where Mr. Kerrigan came in and met with  
19 Mr. Harkins and Mr. Simmons where I was not involved in  
20 the meeting. That's when they would talk more about the  
21 capital raising.

22 Q. And were those meetings held when you just  
23 weren't in state, or when you were there but working on  
24 something else?

25 A. Both. Many times when I was not in state, and

1 they would also go into Mr. Harkins' office and close  
2 the door and discuss possible investment.

3 Q. Did you ever ask why they would, the three of  
4 them, would meet to discuss investment issues without  
5 you?

6 A. No, I did not. It was not necessarily my role  
7 in the company.

8 Q. What was Tom Simmons' role in the company?

9 A. He was officially listed as executive vice  
10 president and chief operating officer. I reported  
11 directly to him on issues, and then he would, even  
12 though I did have access to Mr. Harkins, the formal  
13 chain of command was more I would report to him, he  
14 would talk to Mr. Harkins.

15 Q. And what kinds of issues did Mr. Simmons work  
16 on?

17 A. I would make presentations to him on development  
18 projects, due diligence issues that would need to be  
19 done, you know, possible profitability of projects,  
20 things along those lines.

21 Q. What was Rodney Eaves' role at the company?

22 A. He was, he was an investor until, like I said,  
23 late, you know, a few months before I resigned. Then he  
24 came in to try to help with development projects. He  
25 and I would discuss projects and look at how to

1 structure them and how to do the projects, because he  
2 had a very good construction background.

3 Q. Do you know if he was ever involved in any of  
4 the fundraising issues once he became involved?

5 A. I do not know.

6 Q. What was Paul Meka's role at the company?

7 A. More an, almost an assistant to Mr. Harkins. He  
8 was the one that typed up all the private placement  
9 memorandum that Mr. Harkins worked on. I used to tease  
10 him about it being his Golden Gate Bridge, because it  
11 was a never ending project.

12 Q. And do you know if he had any substantive input,  
13 or was he just transcribing?

14 A. I think he was more transcribing than anything.

15 Q. Was Mr. Meka expected to have an, eventually  
16 have a role, for example, in entitlement work or  
17 evaluating land parcels?

18 A. He -- I don't know for sure what ultimately was  
19 planned. When we first looked at the possibility of  
20 acquiring multifamily projects, he gave some input as to  
21 the, you know, the type of project, or some of the  
22 background on the project, because I understood he had  
23 some background in multifamily.

24 Q. Do you know if he was eventually expected to  
25 take on any other roles of the company?

1 A. I do not know.

2 Q. What was Jeff Teets' role at the company?

3 A. He was the chief financial officer.

4 Q. And what did his work consist of?

5 A. He oversaw all financial matters, prepared any  
6 statements on tax returns and things.

7 Q. Who had a say in the content in the company's  
8 investment offerings?

9 A. Basically, Mr. Harkins was the ultimate person.

10 Q. Was anyone else allowed to offer suggestions  
11 about what the content would be?

12 A. Like I said, early on, Mr. Teets and I would  
13 offer opinions on how he was presenting financial  
14 information, or whether it should be, how it was being  
15 presented or the fees that he was adding on to it,  
16 things like that. But I think he got annoyed with us  
17 and then did not ask our input much after that.

18 Q. What were your objections to the way the fees  
19 were structured?

20 A. Well, he would take the basic analysis,  
21 financial spreads that I would do on a project, and then  
22 was adding a lot of fees for Barcelona that made it look  
23 very profitable for Barcelona, which I, I felt were  
24 unrealistic. I didn't think capital sources would allow  
25 such fees.

1 Q. Did you --

2 A. And it was the same objection from Mr. Teets.

3 I'm sorry to interrupt you.

4 Q. That's okay. Did you have any objections about  
5 how those figures were being presented, or would be  
6 presented to investors?

7 A. Yes. I said to him that those fees were  
8 unrealistic and that you were presenting a, you know,  
9 essentially, I didn't think it was, realistic  
10 presentation.

11 Q. And why would it be a concern if those  
12 presentations were given to investors?

13 A. Well, I didn't think lenders would allow us to  
14 have the kind of fees he was putting into it. Coming  
15 out of a banking background, knowing what lenders will  
16 and will not let you do, I felt like it was trying to  
17 rake the project up front, and I didn't think lenders  
18 would let them do that.

19 Q. I'm sorry. Did you say rake the project up  
20 front?

21 A. Yes.

22 Q. What do you mean by that?

23 A. Basically take all the profit out of it up  
24 front, rather than wait three, four years to when  
25 projects grew in value.

1 Q. You didn't think that was an appropriate  
2 business model?

3 A. I didn't think it was a realistic business  
4 model, because I did not think that the, the financial  
5 sources were ever going to allow that to happen.

6 Q. Did USA Barcelona Realty Advisors' business  
7 model change when Allen Weintraub failed to raise money  
8 that he was expected to raise?

9 A. Yes. They started off as they were going to be  
10 an acquiring company, just acquire hotels and  
11 apartments. And then, shortly after I came on, they had  
12 already engaged Mr. Weintraub in it, not only from him  
13 not performing, but just the cycle in the market was  
14 better to be developing projects as opposed to acquiring  
15 projects.

16 Q. What about the market made that advantageous?

17 A. We were coming out of a down economic cycle  
18 where very little hotel product had been built over the  
19 last few years, and quality product was being acquired  
20 by REITs and other institutional investors, and it was  
21 in the business cycle. It was just advantageous to be  
22 building, because there was low supply of new product.

23 Q. Do you know of any new business projects that  
24 Mr. Harkins has been working on within the past year?

25 A. I do not.

1 Q. When did you first become an executive member of  
2 the company?

3 A. Mid '13, 2013, when I first joined them.

4 Q. Have you ever heard of something called the  
5 Barcelona Administration Company?

6 A. No, I have not.

7 Q. Did the company monitor what potential investors  
8 were allowed to be told about the investments in the  
9 company?

10 A. I don't know. I don't know what was provided to  
11 investors.

12 Q. Did you ever insist that the executive members  
13 should be supervising investment presentations?

14 A. No, I did not.

15 Q. Did you think it was problematic that the  
16 executive members weren't overseeing that?

17 A. Well, it seemed like the other three executive  
18 members were the ones that were doing the, the  
19 presenting. So it wouldn't have made much difference.

20 Q. Did you, did you trust that they would present  
21 the investment offerings appropriately?

22 A. I did. I thought Mr. Kerrigan would, because I  
23 knew he had a securities license.

24 Q. Did the company ever create any guidelines about  
25 disclosures that potential investors were required to be

1 told?

2 A. I don't know.

3 Q. Were USA Barcelona Realty Advisors investments  
4 ever advertised in any mass media?

5 A. I think there was some advertising in  
6 newspapers.

7 Q. Do you recall what newspapers?

8 A. I think the Arizona Republic, and they may have  
9 done something in the Wall Street Journal.

10 Q. What did the executive members ever discuss  
11 about the company's 12/6/12 notes?

12 A. Just how they were structured, kind of knew what  
13 he wanted to do with them.

14 Q. What is it that he wanted to do with them?

15 A. He wanted to raise capital with them. You know,  
16 I mean, we talked about how they were structured and the  
17 bonuses that needed to be paid and the interest rates.  
18 I don't know who invested in them, or how they were, you  
19 know, anything beyond that. I mean, I knew about them.

20 Q. Do you know what kinds of disclosures about the  
21 company any investors were ever given?

22 A. Beyond the private placement memorandum?

23 Q. Yes.

24 A. I do not know. I don't know of anything else.

25 Q. Do you recall what disclosures were in the

1 private placement memorandum?

2 A. Not offhand. I know there was a lot of  
3 financial spreads and things.

4 Q. Which of the company's private placement  
5 memoranda did you ever review?

6 A. Well, the first one they had already used to  
7 raise capital. I saw that one. And then, like I said,  
8 I started to review -- it seemed like Mr. Harkins was  
9 working on multiple ones, and I would review some of  
10 those until he, basically, took us out of the loop.

11 But I can't specifically say which ones, that  
12 were actually issued, I had full knowledge of.

13 Q. When was the first time you learned about  
14 Mr. Meka's criminal conviction?

15 A. I don't remember, but it was in a social  
16 setting. And it was well after I had joined, started  
17 working with them.

18 Q. Did you have any -- what was it that -- while  
19 you were still working at the company, what were you  
20 ever told about the history of the Arizona Village  
21 Communities venture?

22 A. Nothing. I knew nothing about that.

23 Q. Did they -- were you even aware of it by name?

24 A. I think it was mentioned by name that something  
25 that Mr. Harkins had worked on in the past, but I

1 thought it was just, you know, part of his work  
2 experience.

3 Q. Did the executive members ever discuss the  
4 10/5/10 note offering?

5 A. We talked about it.

6 Q. And what did you talk about?

7 A. Just the structure.

8 Q. Anything other than the structure?

9 A. Nothing that, where I was involved, no.

10 Q. What did discussing the structure consist of?

11 A. Just how interest rates were going to be paid,  
12 and the, the bonuses that would have to be paid at  
13 certain points to investors.

14 Q. What did the executive members ever discuss  
15 about offering membership units in USA Barcelona Hotel  
16 Holding Company I?

17 A. That I do not really know, because I was, that  
18 was about the time that I was leaving. They talked  
19 about that, but I didn't, I was never involved in  
20 discussing hotel, whatever it was called. I mean, I  
21 know they were talking about it, but I had left by that  
22 time.

23 Q. What did the executive members discuss about the  
24 request for additional loans to the company in  
25 June 2014?

1       A.       Well, that's probably about the time when  
2 Mr. Harkins asked, said that we were short on funds and  
3 we needed to each possibly make a loan to the company of  
4 \$2500. And, to my knowledge, I'm the only one that did.  
5 Which was one of the reasons I left, because he turned  
6 around and made his car payment with that loan rather  
7 than paid for the expenses of the company.

8       Q.       Can you describe that situation with the car  
9 payment?

10      A.       Yes. I -- Mr. Harkins had sent an email to the  
11 four executive members saying we were about \$10,000  
12 short for the month. We needed to make rent payments,  
13 utility payments, some of the staff salary, just cover  
14 general operating expenses, and asked if each member  
15 could make a loan, a very short term, temporary loan --  
16 and I will try to find that email as well -- make a  
17 short term loan to the company to cover the, that  
18 month's expenses. And I told him that I could.

19              I did two things. One, I did not cash an  
20 expense check that I still have now because it's no  
21 good; and, two, I made a \$2500 loan, which I wired to  
22 the company from California. About three weeks later,  
23 Mr. Teets made a comment in passing about us being  
24 behind on rent. And I asked him about why that was  
25 because I had sent money over for the rent, and, at that

1 point, he told me that Mr. Harkins had told Connie Cook  
2 to not send the rent payment, but to give him a check  
3 for \$3,000. When I confronted him on it, he said I  
4 needed that money because I had to make my car payment.

5 Q. And was it a car that he used for company  
6 business?

7 A. It was his souped-up Cadillac that he drove for  
8 everything; his personal car.

9 Q. Did he say how much his car payment was?

10 A. No, he did not.

11 Q. Did he say, I mean, what, what was everything he  
12 said about the car payment situation?

13 A. That was basically it. He had expenses that --  
14 well, he talked about how he's been going without  
15 salary, he's been sacrificing for this company, he's got  
16 all his money in this company, and that he felt that he  
17 would be entitled to that, but if somebody else needed  
18 it, he'd take care of them. Even though it was my  
19 daughter's tuition money that was sent over there,  
20 because I was promised I would have it back within a  
21 couple weeks.

22 Q. You've mentioned an email or two.

23 Do you still have access to your old company  
24 emails?

25 A. I saved all my emails before I left. So, yes, I

1 do have them.

2 Q. Do you know about how many emails there are?

3 A. Oh, hundreds.

4 Q. Would you be willing to produce all of those? I  
5 don't know how to sort of more effectively narrow  
6 down --

7 A. You can have whatever I have, whatever you need.

8 Q. Okay. Thank you. Is it okay if we take a break  
9 for about five minutes?

10 A. Sure. Do you want to call me back? Or what do  
11 you want to do? Or do you want to just set the phone  
12 down for five minutes?

13 Q. How about we just call you back in five?

14 A. Okay. That's fine.

15 (Recess taken from 9:56 a.m. to 10:03 a.m.)

16 (Mr. Beliak is not in the examination room.)

17 BY MR. KITCHIN:

18 Q. Let's go back on the record.

19 A. Okay.

20 Q. And, Mr. Orr, how is your middle name spelled?

21 A. L-E-E.

22 Q. Do you recall the December 2013 company letter  
23 that described the delay in the interest payments that  
24 were going to be due that month?

25 A. I, yes -- well, I don't exactly remember the

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1 letter, but I remember there was a letter, yes.

2 Q. And do you recall that this is a letter that all  
3 four of the executive members signed?

4 A. Yes.

5 Q. Did you review and understand the content of the  
6 letter before you signed it?

7 A. I read it and signed it, but I think, like I  
8 said in my letter to the Commission, that I was also  
9 told that there was capital coming in to satisfy the  
10 delay.

11 Q. And where was that capital to come from?

12 A. Well, there were a couple of sources that  
13 supposedly were coming from Mr. Kerrigan, and one they  
14 kept talking about was the University of Wisconsin  
15 endowment fund that Mr. Kerrigan was also involved with.

16 Q. Do you recall what the December 2013 letter said  
17 about the company's 10/5/10 notes?

18 A. I don't remember, no.

19 Q. Do you remember what the letter described about  
20 any new investment offerings that the company was going  
21 to be offering in the future?

22 A. No, I don't remember. I don't have it in front  
23 of me.

24 (Mr. Beliak entered the examination room.)

25 BY MR. KITCHIN:

1 Q. What were you told about the potential  
2 University of Wisconsin investment?

3 A. That the University of Wisconsin was probably  
4 going to invest a million dollars with us.

5 Q. And who told you anything about that potential  
6 investment?

7 A. Mr. Simmons and Mr. Harkins both mentioned it.  
8 That Mr. Kerrigan was working on that and that it was  
9 going to happen.

10 Q. After the, after the meetings with Chanen  
11 Construction Company ended, do you know if Mr. Kerrigan  
12 was still seeking individual investors after that point?

13 A. I don't know. That was about the time I left.  
14 I mean, I left, resigned, basically, about the time they  
15 were still meeting with Chanen.

16 Q. You, in your letter to the Commission, you  
17 mentioned that you asked your tax advisor about his  
18 opinion about the USA Barcelona offering.

19 A. Uh-huh.

20 Q. About what time did you ask him about it?

21 A. I don't remember. My tax advisor is my  
22 brother-in-law, so I sat with him one day and said, what  
23 do you think about this. And he just took a cursory  
24 look at it and said, the thing I would be more, my  
25 people would be more interested in is investing in

1 individual projects, not a fund that has multiple  
2 projects. And that was the entire conversation.

3 Q. Do you recall which company offering he was  
4 reviewing?

5 A. I don't remember right now, no.

6 Q. And do you remember approximately how long after  
7 you started consulting for the company that this was?

8 A. That might have been end of '13, beginning of  
9 '14, so...

10 Q. Would that make it about half a year, a year  
11 after you started?

12 A. Half year, a year, yeah, somewhere in there.

13 Q. What did --

14 A. Half year.

15 Q. What did Mr. Kerrigan ever say about the  
16 broker/dealer firm that employed him?

17 A. Nothing. I really don't know anything about it.

18 Q. Did he ever represent whether his employer  
19 allowed him to sell the USA Barcelona investment?

20 A. I never asked him specifically that question. I  
21 assume that he, he could.

22 Q. How close did USA Barcelona come to reaching an  
23 agreement with Chanen Construction Company on land  
24 entitlement work?

25 A. I don't know. I was not part of the

1 discussions, other than going to a couple meetings to  
2 answer questions on the hotels.

3 Q. I think you mentioned in your letter to the  
4 Commission that the company never reached such an  
5 agreement, correct?

6 A. With Chanen? Not that I know of.

7 Q. And if you hadn't -- what was it that made you  
8 think that was the case if you hadn't been to the  
9 meetings?

10 A. The meetings that I was at, it was never, we  
11 never reached anything -- there were other meetings  
12 between Mr. Harkins and Mr. Chanen, but I don't know --  
13 that's where they talked more about the actual financial  
14 makeup. But I don't believe they ever came to an  
15 agreement. I probably would have heard about it had  
16 they.

17 Q. Do you know if there were, if anyone from the  
18 company met with Chanen Construction Company after the  
19 last time that you were involved in such a meeting?

20 A. I believe Mr. Harkins and Mr. Simmons both did.

21 Q. Is it, do you know if it's possible that they  
22 agreed upon terms with Chanen Construction Company about  
23 land entitlement, even if they hadn't reduced those to  
24 writing yet?

25 A. There's nothing that I know of that they did.

1 It's possible, I guess.

2 Q. Would you have expected Mr. Harkins to announce  
3 that to all the executive members if it had occurred?

4 A. I would assume that he would have.

5 Q. And is that why you were inferring that there  
6 was no such agreement?

7 A. Yes. Because they always said that there was no  
8 money available to pay me the expenses they still owed  
9 me, the unpaid consulting fees they owed me, and the  
10 loan that I made them.

11 Q. How would an agreement with Chanen affected  
12 those?

13 A. I would imagine there would have been money to  
14 pay me what was due to me.

15 Q. Money from Chanen, or from some other source?

16 A. Wherever it came from. I think if they had an  
17 agreement with Chanen, all of a sudden they -- because I  
18 think one of the things they were looking for with  
19 Chanen was some working capital, as well, to pay some of  
20 those back expenses.

21

22

#### EXAMINATION

23 BY MR. BELIAK:

24 Q. Yeah, this is Avi Beliak. I'm an accountant  
25 with the Securities Division.

1 A. Yes.

2 Q. And I just have a few questions for you.

3 How was your employment agreement structured  
4 with USA Barcelona Realty?

5 A. Essentially, I was supposed to be paid my  
6 expenses for going over there; I was supposed to receive  
7 a monthly consulting fee; and then, eventually, I was to  
8 vest into part of the ownership of the company.

9 Q. Were you issued a W-2 or a 1099 for the work you  
10 did at USA Barcelona?

11 A. 1099. Actually, Mr. Harkins sent me a K-1, but  
12 I told him it should have been a 1099 because I didn't  
13 have ownership.

14 Q. What was the consulting, what was the monthly  
15 consulting fee agreement that you had reached with USA  
16 Barcelona?

17 A. Well, early on it, I received \$4500 a month. It  
18 went to 8500 a month. It was supposed to go to 10,000,  
19 but that's when they stopped paying.

20 Q. On the potential vesting with the ownership,  
21 when was that supposed to take place?

22 A. I believe it wasn't until the end of '14.

23 Q. Is it common, as a 1099 independent contractor,  
24 to receive reimbursements on the expenses?

25 A. Yes. When I was, since I had to fly to Arizona

1 every week, I wasn't, you know -- yes, it's very common.

2 Q. You mentioned that you still have an unpaid, I  
3 believe, expense reimbursement check from USA Barcelona.

4 A. Yes.

5 Q. Do you know approximately what the date on that  
6 check was and for how much?

7 A. Hang on. I can tell you exactly. The date on  
8 that check is 5/1/2014, the amount is \$3,271.13.

9 Q. Was that the last payment that you received from  
10 USA Barcelona?

11 A. Yes. And, like I said, it wasn't even good.

12 Q. Did you submit expense reports to --

13 A. Yes. I'm sorry.

14 Q. Do you know what the process was at USA  
15 Barcelona for paying these?

16 A. I would submit expense reports to Mr. Simmons.  
17 He would approve them and, you know, a week or two later  
18 I would get the check. Which they still owe me three or  
19 four months worth of expenses.

20 Q. On your initial \$5,000 investment, you stated  
21 that you were paid back.

22 Do you recall --

23 A. Yes.

24 Q. -- when you were paid back the, that initial  
25 loan?

1 A. I believe it was December of 2013.

2 Q. Were you paid back with interest?

3 A. Yes.

4 Q. Do you recall what that interest rate was?

5 A. I believe it was 10 percent.

6 Q. I have, it's Bates No. ACC001546 -- and I  
7 apologize, you're unable to see it.

8 A. Right.

9 Q. But it's a check made out to Bruce Orr, dated  
10 April 4th, 2014 for \$8500. In the check memo, it says,  
11 2014 March travel expenses.

12 A. Okay. Hold on. Let me pull up my expenses. If  
13 you'll bear with me here a moment. Okay.

14 What's the date?

15 Q. The statement date is April 4th, 2014.

16 A. Okay.

17 Q. Was that check for an expense reimbursement?

18 A. April 4th, 2013? Oh, I'm sorry. I'm looking at  
19 the wrong year.

20 Q. 2014.

21 A. 2014. \$8500. No, that's a salary check.

22 Q. Okay. On the \$2500 loan that you made in June  
23 of 2014 --

24 A. Uh-huh.

25 Q. -- do you know how the funds were supposed to be

1 repaid to you?

2 A. I was supposed to get my \$2500 back within a  
3 couple of weeks.

4 Q. Do you know the source of where those funds  
5 would have come from?

6 A. They both, Mr. Simmons and Mr. Harkins, had told  
7 me that other monies were being brought in.  
8 Mr. Kerrigan had talked to a couple of other investors,  
9 and they also said that they were expecting the  
10 University of Wisconsin to make a million dollars  
11 investment into the company.

12 MR. BELIAK: Thank you, Mr. Orr. I don't have  
13 any additional questions.

14 THE WITNESS: Okay.

15

16 FURTHER EXAMINATION

17 BY MR. KITCHIN:

18 Q. You mentioned just now some, in addition to the  
19 University of Wisconsin, some investors that  
20 Mr. Kerrigan was talking to at the time.

21 Do you know, did they explain whether or not  
22 those were additional individual investors, as opposed  
23 to other institutions?

24 A. I do not know. I think there were individual  
25 investors, as well as the institution. But I'm not sure

1 who it was.

2 Q. The initial \$5,000 loan to the company that the  
3 company paid back, did it pay back within the, within  
4 the date that it was supposed to?

5 A. Yes. It was loosely structured, and it was  
6 supposed to be until about the end of the year. And it  
7 was paid back.

8 Q. Because the company had no revenue at the time,  
9 your loan would have had to have been paid back with  
10 other investor funds, correct?

11 A. I would imagine that it came from whatever the  
12 working capital sources were.

13 MR. KITCHIN: Anything else?

14 MR. BELIAK: No.

15 MR. KITCHIN: All right. Thank you. That's all  
16 the questions we have. We would greatly appreciate it  
17 if you're willing to share those emails that you  
18 mentioned, in addition to any other company documents  
19 that you think would be helpful.

20 THE WITNESS: Okay. I have a lot of information  
21 you might want, but I don't know how to go through it  
22 and get it to you. What would you like? I mean...

23 MR. KITCHIN: I don't know exactly. You know,  
24 if it's, if it's too burdensome to send all of it, if  
25 you have, you know, some kind of summary or description

1 you can give, that might help us to be able to narrow it  
2 down. I guess we're not necessarily interested in the  
3 documents for the individual parcels that you were  
4 working on, but, you know, any other company internal  
5 memoranda about what the other executive members, in  
6 particular, were talking about would be helpful.

7 THE WITNESS: Okay. I'd have to go through it  
8 all and see what I have got. Like I said, there's  
9 probably hundreds of emails and a lot of documents that  
10 I have, so I'd be glad to go through it. It might take  
11 me a little while.

12 MR. BELIAK: Also, if you could please provide  
13 copies of the 1099s that were issued.

14 THE WITNESS: Okay. Like I said, he issued a  
15 K-1, I wrote it up as a 1099 because I was a 1099  
16 employee, I mean, when I reported it on my taxes.

17 MR. BELIAK: So they never issued you a 1099?

18 THE WITNESS: No. I wrote back to Mr. Harkins  
19 saying, please issue a 1099. He never did, but I  
20 reported it according to how my tax guy told me to  
21 report it.

22 MR. KITCHIN: All right. Thank you. We can go  
23 off the record.

24 (The examination under oath concluded at  
25 10:21 a.m.)

1 STATE OF ARIZONA )  
COUNTY OF MARICOPA )  
2

3 BE IT KNOWN that the foregoing proceedings were  
4 taken before me; that the witness before testifying was  
5 duly sworn by me to testify to the whole truth; that the  
6 foregoing pages are a full, true, and accurate record of  
the proceedings all done to the best of my skill and  
ability; that the proceedings were taken down by me in  
shorthand and thereafter reduced to print under my  
direction.

7  
8 I CERTIFY that I am in no way related to any of  
the parties hereto nor am I in any way interested in the  
outcome hereof.  
9

10 [ ] Review and signature was requested.  
[ ] Review and signature was waived.  
11 [X] Review and signature was not required.

12 I CERTIFY that I have complied with the ethical  
13 obligations set forth in ACJA 7-206(F)(3) and ACJA  
7-206 (J)(1)(g)(1) and (2). Dated at Phoenix, Arizona,  
this 23rd day of October, 2015.

14

15

*Karen L. Kessler*

16

17

KAREN L. KESSLER  
Certified Reporter  
Arizona CR No. 50821

18

19

I CERTIFY that Coash & Coash, Inc., has complied  
with the ethical obligations set forth in ACJA 7-206  
(J)(1)(g)(1) through (6).

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21

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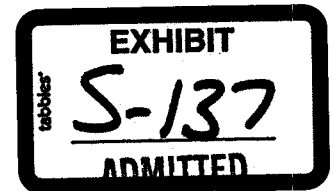
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BEFORE THE  
ARIZONA CORPORATION COMMISSION  
SECURITIES DIVISION

IN THE MATTER OF THE INVESTIGATION )  
OF: ) FILE NO. 8503  
)  
)  
)  
USA BARCELONA REALTY ADVISORS, LLC; )  
USA BARCELONA HOTEL LAND COMPANY I, )  
LLC; RICHARD C. HARKINS; ROBERT J. )  
KERRIGAN; GEORGE T. SIMMONS; and )  
BRUCE ORR, )  
)  
)  
\_\_\_\_\_ )

EXAMINATION UNDER OATH OF PAUL JEFFREY MEKA

Phoenix, Arizona  
February 9, 2016



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4

5

6

## INDEX TO EXHIBITS

7	NO.	DESCRIPTION	MARKED	IDENTIFIED
8	Exhibit 1	USA Barcelona Realty Advisors project chart ACC006280 - 006281	4	20
9	Exhibit 2	July 9, 2014 e-mail, Re: State of the Company ACC006287 - 006288 (Marked but not referred to)	4	
10	Exhibit 3	August 2014 e-mail string Re: Essential activities ACC006290 - 006293	4	21
11	Exhibit 4	Confidential Placement Memorandum, USA Barcelona Realty Advisors, October 18, 2012 ACC000724 - 000819	4	22

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1 EXAMINATION UNDER OATH OF PAUL JEFFREY MEKA  
2 was taken on February 9, 2016, commencing at 8:58 a.m.,  
3 at the Arizona Corporation Commission, 1300 West  
4 Washington Street, Phoenix, Arizona.

5 APPEARANCES:  
6

7 For the Arizona Corporation Commission,  
8 Securities Division:  
9 ARIZONA CORPORATION COMMISSION SECURITIES DIVISION  
10 By: Paul Kitchin, Esq.  
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16 For the witness:  
17 In propria persona  
18 Mr. Paul Jeffrey Meka  
19 [REDACTED]  
20 [REDACTED], Arizona [REDACTED]  
21 [REDACTED]

22 Also present:  
23 Mr. Dee Morin, Special Investigator  
24  
25

1 (EUO Exhibit 1 through Exhibit 4 were marked  
2 for identification.)  
3

4 PAUL JEFFREY MEKA,  
5 called as a witness herein, having been first duly sworn  
6 by the Certified Court Reporter to speak the truth and  
7 nothing but the truth, was examined and testified as  
8 follows:  
9

10 EXAMINATION

11 BY MR. KITCHIN:

12 Q. This is part of an inquiry by the Securities  
13 Division of the Arizona Corporation Commission in the  
14 matter of USA Barcelona Realty Advisors, LLC, USA  
15 Barcelona Hotel Land Company I, LLC, Richard C. Harkins,  
16 Robert J. Kerrigan, George T. Simmons, and Bruce Orr, to  
17 determine if there has been full compliance with the  
18 Securities Act of the state of Arizona. The information  
19 obtained today may reveal violations of statutes outside  
20 of the Securities Act.

21 Mr. Meka, you have the right to refuse to  
22 answer any questions if you think the answer may tend to  
23 incriminate you. You have the right to refuse to  
24 produce any private papers which you feel might tend to  
25 incriminate you. You do not have the right to refuse to

1 produce corporate papers based upon any claim of  
2 self-incrimination.

3 Do you understand that you have a right to be  
4 represented by counsel today?

5 A. Yes.

6 Q. And would you like to go forward without an  
7 attorney?

8 A. Yes.

9 Q. Okay. Then we will assume for now that you're  
10 waiving your right to counsel. However, if at any time  
11 you feel you need counsel, let me know and we can stop  
12 the proceeding to allow you to get counsel.

13 The reporter will go off the record at my  
14 direction. If you would like to go off the record, tell  
15 me and I will try to accommodate you.

16 The reporter will note for the record each  
17 time -- oh, I'm sorry. Never mind.

18 Since your testimony is being recorded by a  
19 reporter, please respond verbally as opposed to nodding  
20 or shaking your head. Also, please let me finish asking  
21 the question before you answer so that there will not be  
22 two people speaking at once.

23 If you don't hear a question or don't  
24 understand a question, say so and the reporter will  
25 repeat it or I will explain the question further.

1                   And you are under oath so any false statements  
2   you make may be criminally prosecuted as perjury.

3                   Do you understand what I've explained so far?

4       A.       Yes.

5       Q.       What is your full name?

6       A.       Paul Jeffrey Meka.

7       Q.       Have you ever used any other name?

8       A.       No.

9       Q.       Are you taking any medication or do you have a  
10   physical problem that would prevent you from hearing or  
11   understanding my questions?

12      A.       No.

13      Q.       What is your home address?

14      A.       [REDACTED] Arizona,

15   [REDACTED]

16      Q.       How long have you lived there?

17      A.       As a permanent resident, one year.

18      Q.       And is that just a place to collect mail or is  
19   that also the residential address itself?

20      A.       They have -- it's a very small community, so  
21   they just have P.O. delivery.

22      Q.       Where did you live before that address?

23      A.       [REDACTED].

24      Q.       And how long did you live there?

25      A.       Twenty-two years.

1 Q. What is your home telephone number?

2 A. [REDACTED]

3 Q. Next I'm going to ask for your social security  
4 number. However, under the Federal Right to Privacy Act  
5 you are not obligated to answer. If you do answer, the  
6 information will only be used for identification  
7 purposes.

8 What is your social security number?

9 A. [REDACTED]

10 Q. What is your occupation?

11 A. Retired.

12 Q. What had been your occupation?

13 A. Pardon me?

14 Q. What had been your occupation?

15 A. Well, I was a real estate broker for  
16 30-something years.

17 Q. Where were you last employed?

18 A. Last employed was with USA Barcelona.

19 Q. And how long did you work there?

20 A. Well, it was, like, early 2013 -- I don't know  
21 the exact date -- till, I think, August of 2014,  
22 something like that.

23 Q. Where did you work before there?

24 A. I was at a company called Pierce Eislen.

25 Q. And what was your job there?

1           A.       I was a market researcher, and then I became a  
2     salesman.

3           Q.       A salesman of what?

4           A.       They sold research information on apartments  
5     all over the United States. So I was selling their  
6     service.

7           Q.       Where did you work before that?

8           A.       I was at Arizona Village Communities.

9           Q.       And what was your job there?

10          A.       I was director of land acquisition.

11          Q.       And how long did you work there?

12          A.       I don't know. It was, like, mid 2005 till  
13     sometime in 2008. Maybe mid 2008, something like that.  
14     Whenever the economy took a crash.

15          Q.       What is your educational background?

16          A.       I have a B.A. from the University of Northern  
17     Colorado.

18          Q.       Have you ever been convicted of any crime  
19     other than a minor traffic offense?

20          A.       Yes.

21          Q.       What was that?

22          A.       Misprision of a felony, Class E felony.

23          Q.       And have you ever been convicted of any crime  
24     other than that one?

25          A.       No.

1 Q. Have you ever been arrested other than in  
2 connection with the conviction you mentioned?

3 A. Arrested?

4 Q. Right.

5 A. I was arrested for a DUI back in, probably,  
6 1965.

7 Q. Anything besides that?

8 A. No.

9 Q. Have you ever been indicted other than in  
10 connection with the conviction you already mentioned?

11 A. No.

12 Q. Have you ever been a defendant in a civil  
13 lawsuit?

14 A. A defendant? Yes -- well, let me think.  
15 Probably with relationship to Arizona National Mortgage  
16 Partners, which was the company that I worked for that  
17 lead to the indictment. So I think there was -- I mean,  
18 there was a lot of legal things going on, so there was  
19 probably a civil suit there, yes.

20 Q. Have you ever been a defendant in any other  
21 civil suit other than in connection with that company?

22 A. No.

23 Q. Have you ever given any prior testimony in  
24 connection with USA Barcelona Realty Advisors?

25 A. No.

1 Q. What is your date of birth?

2 A. [REDACTED]

3 Q. And your place of birth?

4 A. [REDACTED] Minnesota.

5 Q. How was USA Barcelona Realty Advisors managed?

6 A. There was a CEO, which was Richard Harkins,  
7 and then there was executive members.

8 Q. What was the role of the executive members?

9 A. I would think like a Board of Directors, they,  
10 you know, made decisions for the company.

11 Q. What was Mr. Harkins' role at the company?

12 A. Well, he was chief executive officer.

13 Q. And what did he do in connection with that  
14 position?

15 A. Well, everything. You know, he started the  
16 company. He put together its business plan.

17 Q. What was Robert Kerrigan's role at the  
18 company?

19 A. He was to raise money.

20 Q. Who was he to raise money from?

21 A. Well, he was a financial advisor, to my  
22 knowledge. Yeah. Yeah, he was a broker, securities  
23 broker, I guess, for his client.

24 Q. What was he supposed to be raising money for?

25 A. To fund the company, the operation of the

1 company.

2 Q. Did he have a role at the company beyond those  
3 fund-raising responsibilities?

4 A. Well, as an executive member, I guess, making  
5 decisions that the Board, or whatever you call it, made,  
6 yeah.

7 Q. What was George T. Simmons' role at the  
8 company?

9 A. He was an executive member also.

10 Q. And what were his responsibilities?

11 A. The same as Kerrigan. I would say all of the  
12 executive members had the same role. Well, Kerrigan, he  
13 did not office there with us. Tom Simmons, as we called  
14 him, did.

15 Q. What was Bruce Orr's role at the company?

16 A. He was an executive member. He lived in  
17 Long Beach, but he commuted every week and was in  
18 the office probably four days a week.

19 Q. And did he have any responsibilities other  
20 than the Board of Director responsibilities you've  
21 already mentioned?

22 A. Well, he had contacts in California that he  
23 represented that would be good prospects for hotel  
24 development or hotel sites, and that type of thing. So  
25 he was supposed to, I guess, be instrumental in

1 developing those contacts.

2 Q. Do you know what the purpose of those contacts  
3 was?

4 A. Well, our business plan was to develop hotels.  
5 Acquire hotels, maybe. So he was to develop those  
6 contacts to further the business plan that way.

7 Q. What was Jeff Teets' role at the company?

8 A. He was the CFO.

9 Q. And what responsibilities did that include?

10 A. CFO responsibilities, books, keeping the books  
11 and setting up, I guess, all the financial systems and  
12 so forth.

13 Q. What was Alan Weintraub's role at the company?

14 A. Well, he was also a securities or financial  
15 person that was delegated the role of raising the money.  
16 After Robert Kerrigan was to bring in, I guess, start-up  
17 money, Weintraub was to go after the long-term money.

18 Q. And did he have any other role at the company  
19 beyond that?

20 A. No.

21 Q. What was Patrick McDonough's role at the  
22 company?

23 A. He was brought in to raise money also.

24 Q. And who was he supposed to be raising money  
25 from?

1       A.     Broker dealers, I think, was the main -- he  
2     was to develop that relationship with broker dealers.

3       Q.     And was his money-raising goal more similar to  
4     Kerrigan's for start-up funds or more similar to  
5     Weintraub's for the -- I don't remember how you  
6     characterized his.

7       A.     His was more similar to Weintraub's.

8       Q.     What was Rodney Eaves' role at the company?

9       A.     He was an investor who then became an  
10    executive member after Bruce Orr resigned as an  
11    executive member.

12      Q.     Did he have any -- was his executive member  
13    role different in any way from the other executive  
14    members?

15      A.     No.

16      Q.     Did he have any role with the company before  
17    he became an executive member?

18      A.     He was an investor.

19      Q.     But no role other than being an investor?

20      A.     No.

21      Q.     How often did Harkins, Simmons, Kerrigan, and  
22    Orr meet together as an executive member group?

23      A.     I'm not sure exactly. I think they had at  
24    least a monthly executive member meeting. It may have  
25    been more, but I'm not sure.

1 Q. And were those meetings typically at the  
2 company offices?

3 A. Well, there was a conference room that the  
4 bank had that was in our office building, and they were  
5 either in there or they were in, I guess, our conference  
6 room.

7 Q. Your estimate of how often they met together,  
8 is that based on you having observed them together when  
9 they came to the office?

10 A. Could you ask that again? What do you mean?

11 Q. So your estimate is that they met about  
12 monthly. I'm just trying to figure out if you think  
13 that's the figure because that's about how often you  
14 remember them all physically being together, or if you  
15 knew from some secondhand source that that's how often  
16 they were meeting.

17 A. Well, I was in the office all the time so it  
18 would be my own observation.

19 Q. What was your role at the company?

20 A. Well, it was to be in hotel acquisition and  
21 hotel development, but it started out more  
22 administrative, and ended that way also because we never  
23 got to a point where we acquired any hotels.

24 Q. What were the responsibilities that you were  
25 expecting to have in the future that didn't come about

1 with the hotels you mentioned?

2 A. I was to find hotel sites with my real estate  
3 background or hotels that were on the market, research  
4 different markets around the country.

5 Q. And did you ever give the company any input  
6 about acquiring multi-family properties?

7 A. Well, I think initially we were looking at  
8 doing multi-family and hotels, but that part of the  
9 business plan was stopped pretty early on. So when you  
10 say "input," I don't know what you mean by "input."

11 Q. I'm not sure either. I'm just sort of asking  
12 broadly, you know. Is there any role that you had that  
13 could be reasonably characterized as giving them input  
14 about acquiring multi-family properties?

15 A. No.

16 Q. You mentioned in the future evaluating  
17 possible hotel acquisitions; is that right?

18 A. Um-hum.

19 Q. Did you ever advise them on potential  
20 multi-family property acquisitions?

21 A. No. We never got to that point.

22 Q. You mentioned that the plan changed at some  
23 point. What was the change, more broadly?

24 A. Well, we dropped the part of the business plan  
25 that was to acquire apartments and multi-family, and

1 strictly went to hotel development.

2 Q. And what was -- I'm sorry. Go ahead.

3 A. Hotel development or acquisition.

4 Q. What was the reason for the change?

5 A. I'm not sure. I'm not sure. I guess it was  
6 evaluated that they would not be good investments.

7 Q. Do you remember about when that change  
8 occurred?

9 A. No.

10 Q. Do you know if the change had anything to do  
11 with Alan Weintraub's fund-raising progress?

12 A. I don't know whether it did or not. A lot of  
13 things changed when Weintraub wasn't able to raise the  
14 money.

15 Q. What changes were those?

16 A. Well, when that source of funds was counted on  
17 and it all of a sudden wasn't there, then other sources  
18 of financial acquisition had to be created. And I think  
19 that's when, probably, McDonough and -- there's another  
20 fella, I can't think of his name, but he was there for a  
21 while, too, that was supposed to raise some money.

22 Q. And do you recall any other business plan  
23 changes that happened when Weintraub didn't come  
24 through?

25 A. Other than just trying to find sources of

1 capital, no.

2 Q. How serious a problem did Harkins and the  
3 executive committee treat Weintraub's failure to follow  
4 through on his fund-raising goals?

5 A. How -- please ask that again.

6 MR. KITCHIN: Sorry. Yeah, can you read that  
7 back?

8 (Whereupon, the following was read by the  
9 court reporter: "QUESTION: How serious a  
10 problem did Harkins and the executive  
11 committee treat Weintraub's failure to follow  
12 through on his fund-raising goals?")

13 THE WITNESS: Well, you know, he sold his bill  
14 of goods, as far as I'm concerned. He said he could  
15 raise that money, and he didn't. He never came close.  
16 BY MR. KITCHIN:

17 Q. Was that -- when that came to light, was that  
18 a potential crisis or an inconvenience? Like, where --  
19 how serious a problem was that, or did that appear to  
20 be?

21 A. Well, it was very serious. I mean, it was  
22 counted on. There was a lot of, I guess, you know,  
23 creating the business plan, representing that -- or,  
24 let's say anticipating that we were going to have those  
25 funds, which was a lot, to acquire hotels and different

1 things like that. And that didn't come through, then it  
2 had to be changed. So it was serious.

3 Q. The work with hotels that you mentioned that  
4 you were planning to do eventually but didn't come  
5 about, would that have included evaluating land parcels?

6 A. Yes.

7 Q. Would it have included land entitlement work?

8 A. Eventually.

9 Q. And those were things that you had experience  
10 with from your previous real estate background?

11 A. Yes.

12 Q. Did you have an employment contract with the  
13 company?

14 A. I don't -- I think we -- I think -- yeah, I  
15 think employment contracts were developed, but I'm not  
16 sure.

17 Q. Do you know if anyone else had an employment  
18 contract?

19 A. Well, if I had one, I think everybody had one.  
20 But, you know, executive members, probably not. I don't  
21 thing they did. I don't know.

22 But employees, you know, it was myself,  
23 it was Connie Cook, as far as, you know, administration  
24 type. We were the only two that were, I guess,  
25 employees because we had withholding tax and W-2 and all

1 that kind of stuff. So if we had employment contracts,  
2 I would think it would probably be just Connie and  
3 myself.

4 Q. The administrative role that you actually had,  
5 what did that -- what all did that include?

6 A. I typed a lot. I -- initially, I found the --  
7 well, Dick and I found the site for the office, found  
8 furniture, set up office supplies.

9 Oh, we had another fellow there named Glenn  
10 Erler who was our I.T. person. With Glenn we set up,  
11 you know, copiers, computers, different things like  
12 that, a filing system initially. And then when Connie  
13 came in, she took over filing.

14 Q. And when did Connie Cook begin working there?

15 A. I don't know exactly. I would -- I would  
16 think probably mid 2013. I'm not positive.

17 Q. And before she arrived what did your work with  
18 the filing system consist of?

19 A. Everything that needed to be filed.

20 Q. And what kinds of things would that include?

21 A. Well, vendors, you know, supplies, umm,  
22 investor files, subscription documents. I guess just  
23 about everything that -- I'm trying to think of the -- I  
24 mean, we had a couple of file cabinets. Yeah.

25 Q. So you were maintaining the company's records

1 until Connie Cook started?

2 A. Yes. And then Jeff Teets, once Jeff Teets  
3 came on, he kept, you know, the financial records,  
4 banking records, and that kind of thing.

5 Q. And once Connie Cook started, what was the,  
6 sort of, division of responsibility between the two of  
7 you for maintaining the company records?

8 A. She started keeping investor records. She  
9 kept marketing records. We put out a monthly newsletter  
10 type thing. She would create that and keep all the  
11 records for that.

12 Q. Did your administrative role include helping  
13 anyone prepare financial productions for the company?

14 A. No.

15 Q. Who would have worked on preparing financial  
16 projections?

17 A. Dick Harkins.

18 Q. Anyone besides him?

19 A. No.

20 Q. Next I'm going to hand you what's been marked  
21 as Exhibit 1, which is a two-page document starting with  
22 ACC6280. And it's two pages. I think it's supposed to  
23 sort of array like that.

24 And this list of projects, the first one is  
25 "Company Business Plan. Begin date, May 1st, 2013.

1 Project Manager, Paul." Was that an administrative  
2 project that you had?

3 A. That -- if it was, it would have been typing  
4 it. It's not something that I created.

5 Q. Do you remember the project at all?

6 A. Well, we worked on the business plan all the  
7 time. I mean, it was changing, being updated.

8 Q. And what would the projects have consisted of  
9 for you?

10 A. Well, I guess what we did was break it down  
11 into different parts of it, whether it had to do with  
12 financial projections which, you know, Dick Harkins  
13 always did. Tom Simmons and I were given parts of it,  
14 whether it was research into this or that.

15 So it was broken up into different parts, I  
16 guess. And then we were to give that input, and then we  
17 came together and created it.

18 It was -- it was constantly being updated, I  
19 think probably because of Weintraub's role in going for  
20 multi-family and apartments, to just -- and hotels, just  
21 to hotels. So -- but in May of 2013, that had to be  
22 really early on. That had to be probably the first  
23 business plan.

24 Q. Okay. Next I'm going to hand you what's been  
25 marked as Exhibit 3; a four-page document beginning with

1 Bates number ACC6290. And let's see here. On the  
2 fourth page -- actually, on the second and the third  
3 page of that, which is 6291 and 6292 -- yeah, feel free  
4 to read the whole thing if you need any context for it.

5 A. You're asking me to look at what now?

6 Q. So, in particular, the bottom of this, the  
7 bottom of 6291 is the start of an e-mail which then  
8 continues on to 6292. And that e-mail is what I'm  
9 curious about.

10 In particular, on Page 6292 there's a list of  
11 bullet points. And there's a bullet point that begins  
12 "Connie, Paul and I," which I think is -- that one.  
13 "Connie, Paul, and I are working on a short presentation  
14 for Bank of Montreal, slash, Jerry Clark. Out the door  
15 Wednesday." What does that refer to?

16 A. Jerry Clark, you know, was a developer. Bank  
17 of Montreal, I'm not sure what those two were connected  
18 to, unless Jerry knew somebody at Bank of Montreal.  
19 That would be -- well, I would never be involved in a  
20 presentation. It would be that I was just typing it.

21 Q. All right. Next I'm going to hand you what's  
22 been marked as Exhibit 4, which is a document of about a  
23 hundred pages beginning with ACC724. Do you know what  
24 that is?

25 A. We call them PPMs, so that's what that is.

1 There were several of them.

2 Q. Who was involved in writing those?

3 A. Dick Harkins.

4 Q. And did anyone help him write them?

5 A. I typed them. But writing them, our attorney,  
6 and Dick.

7 Q. But that's all?

8 A. Yeah. When I say Dick Harkins --

9 Q. Right.

10 A. -- I should say our attorney and Dick.

11 Q. And when you said that you typed them, what  
12 does that mean? I mean, did he give it to you  
13 handwritten and then you transcribed it?

14 A. Um-hum.

15 Q. Okay.

16 A. Or taken from a previous one and edited, and  
17 so forth.

18 Q. When editing one, like if you were -- if  
19 Harkins wanted to create a new version editing an old  
20 one, what would he have directed you to do?

21 A. Type his edits. Or, you know, might -- it  
22 comes from Charlie Barry also, our attorney. Sometimes  
23 he would create it and Dick would review it and make  
24 changes to it. I would type it. And it would go back  
25 and forth.

1 Q. Did Harkins ever instruct you to mail PPMs to  
2 anyone?

3 A. We never mailed them. They were always  
4 delivered, hand delivered.

5 Q. Did you ever have any contact with any company  
6 investors or note holders?

7 A. Other than them coming into the office, which  
8 I sat right out front, so I was like the receptionist.  
9 I would see them come in on occasion.

10 Q. Were you ever involved in any meetings with  
11 any of them?

12 A. No.

13 Q. Do you know anything about the company's  
14 communications with Channon Construction Company?

15 A. The only thing I know there is, Patrick  
16 McDonough was working -- one of his projects was to  
17 contact some large construction companies as potential  
18 builders of the hotels, and Channon was one of those  
19 prospective builders.

20 Q. Do you know if the company and Channon  
21 Construction ever reached any kind of agreement?

22 A. Definitive agreement, I don't know.

23 Q. Do you know if they reached any less than  
24 definitive agreement?

25 A. I'm not -- I don't recall. I don't recall.

1 There was a lot of discussion with them. There was --  
2 there were meetings with them. I don't recall if  
3 anything was ever definitive, I guess, or. . .

4 Q. The company records that you mentioned before,  
5 how many of them were stored electronically as opposed  
6 to in the filing cabinets?

7 A. I don't know. Can you be more specific as far  
8 as what kind of records? I mean --

9 Q. Yeah. Were there were records that the  
10 company scanned and kept say, on a computer in addition  
11 to keeping hard copies of?

12 A. Jeff Teets, I think, was working on something  
13 like that, getting everything stored in some kind of  
14 cloud or something. I don't know. That was something  
15 that he was working on.

16 Q. Do you know if that was ever completed?

17 A. I do not.

18 Q. Do you know approximately when he started  
19 working on that?

20 A. No. It was pretty early on, though, when he  
21 came on, because his background was such that they did  
22 that work. He used to work with WesCorp, and so he was  
23 trying to initiate those same kind of systems.

24 I'm trying to think. There were two  
25 individuals that were like consultants that he was

1 working with on that type of project, but I don't know  
2 how far they really got with it.

3 Q. Do you know if the company had any data backup  
4 system for the computers?

5 A. That's part of what he was working on.

6 Q. Do you know if there's any less comprehensive  
7 system that existed before? Was he working -- if he was  
8 working on something more comprehensive, do you know if  
9 something less comprehensive was already in place for  
10 data backup?

11 A. Well, Glenn Erler was working with Jeff also  
12 on that because Glenn set up our internal computer  
13 system and everything. Whatever was set up at that  
14 time, when you -- I don't know. I mean, obviously,  
15 PPMs, different documents and stuff, were stored and  
16 filed on a server, I guess. I guess that's what we'd  
17 call it.

18 Q. Do you know -- what do you know about the  
19 company's e-mail system?

20 A. Specifically what do you mean?

21 Q. Do you know if the company had its own e-mail  
22 server or if it used some outsourced service, like Gmail  
23 or something?

24 A. I don't. I don't recall.

25 MR. KITCHIN: All right.

1 Dee, do you have any other questions?

2 MR. MORIN: No.

3 MR. KITCHIN: All right. We can go off the  
4 record.

5 (These proceedings recessed at 9:39 a.m.)

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1 STATE OF ARIZONA )  
COUNTY OF MARICOPA )  
2

3 BE IT KNOWN that the foregoing proceedings were  
taken before me; that the foregoing pages are a full,  
4 true, and accurate record of the proceedings all done to  
the best of my skill and ability; that the proceedings  
5 were taken down by me in shorthand and thereafter  
reduced to print under my direction.

6  
7 I CERTIFY that I am in no way related to any  
of the parties hereto, nor am I in any way interested in  
8 the outcome hereof.

9 I CERTIFY that I have complied with the  
ethical obligations set forth in ACJA 7-206 (F) (3) and  
10 ACJA 7-206 (J) (1) (g) (1) and (2). Dated at Phoenix,  
Arizona, this 9th day of February, 2016.  
11

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13 

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15 

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Deborah L. Tucker RPR  
Arizona Certified Reporter No. 50464

16 I CERTIFY that Coash & Coash, Inc., has  
17 complied with the ethical obligations set forth in  
ACJA 7-206 (J) (1) (g) (1) through (6).  
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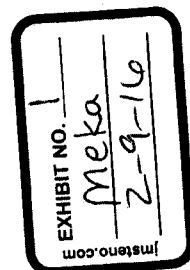
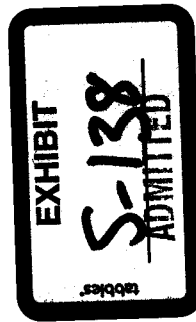
COASH & COASH, INC.  
Registered Reporting Firm  
25 Arizona RRF No. R1036

USA Barcelona Realty Advisors

Projects underway

	Begin Date	Status Report				Target Completion	Project Mgr
		5/21/2013					
Company Business Plan	5/1/2013 ok					6/15/2013	Paul
Private Offering Management System	5/10/2013 ok					7/15/2013	Dick
Company Brochure	5/10/2013 ok					6/15/2013	Connie
Company Power Point "Story Book"	5/1/2013 behind					6/1/2013	Dick
Company Communique / news letter	6/1/2013 not started					7/1/2013	Connie
Separate USA Barcelona Realty PPM RIA sales subscription package	5/1/2013 complete					5/20/2013	Paul
Shipping Boxes for PPM's and related documents	4/15/2013 ok with Paul					6/1/2013	Paul
Corporate Employee Handbook	5/5/2013 ok					6/20/2013	Connie
Web Site	4/1/2013 questionable					6/15/2013	Glenn
Stock Option Plan	5/1/2013 ok with Simmons					7/1/2013	Tom
Communications and Reporting Plan	5/15/2013 not started					7/15/2013	Glenn
Accounting Systems	6/1/2013 not started					9/1/2013	Dick
Advisor's Private Offering	3/1/2013 behind					7/1/2013	Bob
Realty's Private Offering	7/15/2013 ok					7/1/2014	Allen

ACC006280  
FILE #8503





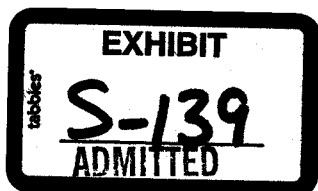
Dick Harkins



From: Dick Harkins  
Sent: Wednesday, July 09, 2014 11:41 AM  
To: 'G. Tom Simmons'; Rod Eaves; Bruce Orr; Robert Kerrigan  
Cc: Jeff Teets; Connie Cook; Paul Meka; Glenn Erler; Dick Harkins  
Subject: State Of The Company

Been a little rough lately. Not out of the woods yet. But, we are going to be fine.

- As you all know, the University Of Wisconsin Madison (its endowment fund) is considering a sizable (\$1,000,000) purchase of Units in the Hotel Land Fund. Their advisor has reviewed our Offering which led to a lengthy call with them yesterday. The advisor will be making its comments/recommendations to the University's Foundation Board shortly and the decision to invest will be on the Board's agenda on their July 22 meeting. Bob Kerrigan is on that Board and will be attending the meeting.
- The advisor is a RIA firm in Wisconsin that manages over \$3.5BB of funds for numerous parties. They indicated an interest in our New Build single property offerings and possibly other clients that may be suitable for the Land Fund.
- We may be amending the makeup of the Executive Committee in the near future. That's not a teaser statement but simply a fact.
- As things stand today, everyone that works for the company has an important contributory role. We are down to those who "can" and those who "get it". While Jeff is vastly underutilized currently, that will change shortly as we pursue bank financing for three properties and commence work of the initial new build syndication.
- We told Kevin Coleman that we were not going to pursue the Azusa project but certainly had in interest in others that involved the Lewis Companies.
- We have a keen interest in working with the owner of the McCormick Ranch Golf Course to see if it is feasible to construct a hotel on that property that would incorporate the golf clubhouse operations. That will take some three to four months to determine if such an undertaking makes sense. The City Of Scottsdale and other parties will come into play on this one.
- Sky Song remains on our front burner as a possible "initial project" for us. There remain some unknowns on this project but those matters should wash through over the next 60 days. Having the knowledge and some vision to see what that end of town looks like two years from now is "key" as is availability of a franchise that we would want.
- Some of us will be out this Friday as we have a meeting in Prescott with a developer who wants a hotel on his property. There are some interesting twists and turns with this opportunity so we'll keep you posted. It clearly is not our Number 1 but could make the top 10.
- We await an introduction by Chanen to an interested prospective JV partner. Our best guess is we'll know more about that next week.



ACC006287  
FILE #8503

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EXHIBIT 42  
DATE Karen L. Kessler, RPR, CR No. 50821

- Bob continues to pursue capital for us and we look to that as the short-term solution to getting our feet back under us.

Essential today is to keep our wits about us. While some of us are in this as a Venture., I know others of us are not positioned to be able to handle such a voyage. Getting paid on a predictable and timely basis is essential. I know that. All of the X-Members know that. Our needs in fact are not dissimilar to those of the rest of our Team.

What's important now is we keep a clear vision of the opportunities we have and select the one(s) we can handle .. of utmost importance .. we need to move off the dime and get some projects (one at a time but not too far apart) moving.

Connie, Paul , Jeff and Glen .. you're all essential to what we're doing here. Rod, Bob, Tom, Bruce and I are developing a tight schedule of events that have a strong focus. We will not do this in a fashion that doesn't include everyone.

Here is an invitation:

*If I'm not involving you, or am and you don't like something about the project, or you simply think I "just don't get it" .. SPEAK UP LOUD AND CLEAR. You know me. I believe in what I believe. If you disagree, disagree. But don't talk to other s about it and don't come back to me months later and say .. "I disagreed with that way back when".. That one simply doesn't work. Not for me and not for anybody.*

Think of this as a new start. Take that invitation and us it.

We're at the right size now with the right people. We can do whatever we choose with who we have. And, we'll go about things a little differently with our new start. We'll be better. In fact, we already are.

Thanks for being on the Team.

Dick

**Richard C. Harkins**  
**USA Barcelona Realty Advisors**  
7025 N Scottsdale Rd Ste 160  
Scottsdale, AZ 85253

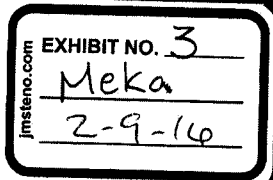
480.625.4355 Phone  
480.625.4347 Fax

[www.usabarcelonarealtyadvisors.com](http://www.usabarcelonarealtyadvisors.com)

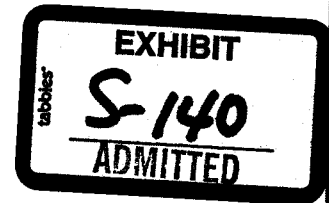
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**ACC006288**  
**FILE #8503**

**Dick Harkins**



**From:** Dick Harkins  
**Sent:** Tuesday, August 05, 2014 1:13 PM  
**To:** 'G. Tom Simmons'; Rod Eaves  
**Subject:** Essential activities



**Projects:**

As for Sky Song and McCormick, the economic viability determination falls in my camp, to be reviewed with you guys. We obviously are a ways away from determining that for either project. Studies and design work have to be undertaken soon. I'd budget that with some careful thought. Rod and I can develop the timing schedules and budgets for initial study period.

Logistics and beach clearing can be on your (you and Rod) side of the ledger. The Planning and scheduling of capital expenditures for both projects will have to come through me, working in concert with the Stage 1 development needs of each project.

We will need to bring into play some conceptual layouts of the McCormick site. Story boards will be essential in a show and tell with any outside group. That brings into question the interviewing of architects and engineers. Vern Swayback's firm is suggested by Steve Chanen (for conceptual drawings and architectural design .. but they are expensive .. Steve said that the City of Scottsdale likes them a lot; so, that should be a strong consideration, along with civil engineers and attorney).

**Capital:**

I'm thinking that Chanen may entertain a JV on either project; possibly both. Suggest we all discuss this later today. If it seems like a good idea, possibly bring Betts into a discussion on the topic. Stewart may be willing to JV to the extent of providing some of the front-end capital. Nothing ventured in a discussion with him on that topic. I think a full project development period budget should be developed first.

Such a budget will fall out of the scheduling event plan for the project.

**"Diminished Role Impact":**

With Tom and Rod next week, especially come the 15<sup>th</sup> of next week, that being when Kerrigan needs to have \$62,500 in on the 15<sup>th</sup>, we need to reinforce with him that need absolutely must be met.

Yes, with the two of you out next week, there will be a challenging environment here, given the several projects we have going (sites and internal matters). However, I can handle the matters that I am focused on. The two of you need to position what you are doing and those on the outside with whom you are dealing so as there is a clear understanding as to "skipping the week", so to speak. I'd prefer not to be put into a situation of dealing with the Sky Song project as I have not been in the forefront of that one. Whatever may come up on McCormick is ok.

**Our 6 Month Plan and what we Offer an Investor**

This week, we must develop in presentable form what it is we need for a 6 month period for both operations and deal capital; and, what we will offer to an investor that will provide that capital.

ACC006290  
FILE #8503

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EXHIBIT 43  
DATE Karen L. Kessler, RPR, CR No. 50821

This will involve restructuring our debt. I am working on that currently and plan to have in ready for discussion late today.

#### Meeting Friday with Steve Jurich/IQ Wealth

Charlie will be in Friday after 3PM to join in the talks with Steve, as relates to developing a structure that gives him some access to allocations and distributions from anything of ours that he sells into.

#### Patrick and Bruce:

The Bruce and Patrick issues should be resolved to conclusion prior to Tom's departure (hence, done by the end of this week to all parties satisfaction).

Sky Song should also be positioned so Plaza and ASU Foundation both know that next week is off the table for discussions.

Richard C. Harkins  
USA Barcelona Realty Advisors  
480.625.4355 Phone

From: G. Tom Simmons [mailto:gtomsimmons@ ]  
Sent: Monday, August 04, 2014 4:56 PM  
To: Dick Harkins; Robert Kerrigan; Rod Eaves  
Cc: Paul Meka; Connie Cook; Glenn Erler  
Subject: Re: Our little raft and its mission

I'll handle the first draft of a letter to existing investors. Rod and I can handle the McCormick Ranch GC efforts for now (Dick later same as with Sky Song). Even though I will be traveling from 8/12 through 8/22, I will be available by phone and email, so other than attending meetings in person, there should be no "diminished role" impact. I remind everyone that Rod will also be away 8/11 through 8/15. Finally, even though \$300K is a good target need for operating capital over the next 60 days, Bob needs to have \$62K of it in before 8/15 and another \$85K in before 9/1; these are firm requirements.

Tom

-----Original Message-----

From: Dick Harkins <dharkins@usabarcelonara.com>  
To: Robert Kerrigan <RKerrigan@ >; G. Tom Simmons <gtomsimmons@ > Rod Eaves <reaves@ >  
Cc: Paul Meka <pmeka@ >; Connie Cook <ccook@ > Glenn Erler <gerler@ >  
Sent: Mon, Aug 4, 2014 3:38 pm  
Subject: Our little raft and its mission

I want to clear the air and move forward so we can operate the business.

ACC006291  
FILE #8503

Our Team - Rod, myself, Paul, Connie and Tom (in a diminished role for a short while starting mid-next week). Interestingly, we have a sufficient team for accomplishing what I see coming up.

What's right at hand that needs 100% accomplishment?

Bob is charged with raising enough capital to meet company needs for the next 60 days. Minimum of \$300K as some interest on notes has to be paid.

I have taken the responsibility for the deal capital requirements and post 60 day company operating needs.

For Bob:

1. You and I should immediately pick up the ball with Sam Murty. What's happening with the Chicago billionaires. You and I should get our buns up to Wisconsin and meet with Sam Murty (ASAP). Of course that will take some capital too.
2. What is happening with:
  - Mike - 100,000/150,000
  - Clair - 100,000/150,000
  - Hair Dresser lady - 40,000/50,000
  - Shopping Center lady - 100,000
  - Doc - 50,000/100,000
  - And, what's happening with the Chicago billionaires?
  - Latest with Sam Murty?

Where does our "Outside" capital raising potential lie:

- IQ Capital (Steve Jurich) - Dick
- Sam Murty - RIA - Wisconsin - Bob
- Steve Coville - Tom/Rod
- Rod has a possibility or maybe two - Rod
- Bob has several named investor candidates - Bob
- Other Steve Betts introductions (TBD) - Dick
- Bank Of Montreal (just unfolding)/ Jerry Clark/Arden Capital - Dick
- Sky Song spinoffs from Plaza Companies/ASU Foundation/Steve Betts - Tom/Rod (for now.. Dick later)
- Continued marketing to RIAs and small BDs - Dick/Connie
- What did I leave out? EVERYONE CHIME IN.

- We will shortly need to start **feeding capital to Sky Song** and soon thereafter to **McCormick Ranch**. I have and will take the responsibility for the Deal capital requirements. Bob's side is to keep the company functioning (at least for the next \$300,000 over the next 60 days).
- Over the next two days, we must send out a **letter to our note-holders** laying out where we are, what's next and how we're going to get this little blip fixed. Who to do? Tom for this project?
- Connie, Paul and I are working on a **short presentation for Bank Of Montreal / Jerry Clark**. Out the door Wednesday.
- The **McCormick Ranch project** seems to have only a couple of hills to climb and neither is currently known to be especially. Working this project will soon entail some capital outlays too. Probably 30 days and then some (i) legal, (ii) demand/feasibility studies and (iii) site planning/conceptual elevation drawings. **This project requires a very preliminary PERT plan to be crafted**. Rod and I will work that for starters and then it's his. Target Friday for a block diagram and two weeks for a "hard look" plan.
- **September Communique** - Connie's baby.
- **Web Site** - clean it up as to people and positions. New content coming.

Feedback - EVERYBODY????

Dick

Richard C. Harkins  
USA Barcelona Realty Advisors  
7025 N Scottsdale Rd Ste 160  
Scottsdale, AZ 85253

480.625.4355 Phone  
480.625.4347 Fax

[www.usabarcelonarealtyadvisors.com](http://www.usabarcelonarealtyadvisors.com)

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Exit H



USA Barcelona  
Realty Advisors

## CONFIDENTIAL PRIVATE PLACEMENT OFFERING MEMORANDUM

USA Barcelona Realty Advisors

**\$1,000,000**

Four (4) Investment Units  
\$250,000 per Investment Unit  
Minimum Purchase One (1) Investment Unit (\$250,000)

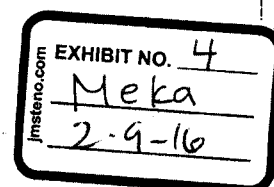
One Investment Unit includes one Series A 12-6-12 Note and One Class B Member Unit

OFFERED ONLY TO:  
ACCREDITED INVESTORS

October 18, 2012  
1<sup>st</sup> Amendment - February 1, 2013  
2<sup>nd</sup> Amendment - April 29, 2013

This is copy no. \_\_\_\_\_ of the PPM

ACC000724  
FILE #8503



ACC000725  
FILE #8503

# USA Barcelona Realty Advisors

an Arizona limited liability company

## CONFIDENTIAL PRIVATE PLACEMENT OFFERING MEMORANDUM

\$1,000,000 MAXIMUM OFFERING; NO MINIMUM OFFERING

FOUR (4) INVESTMENT UNITS AT \$250,000 PER INVESTMENT UNIT

An Investment Unit is comprised of one Series A 12-6-12 Note and one Class B Unit

This Offering is being made to provide USA Barcelona Realty Advisors, LLC. ("USA BRA", "Company", "us", "we") with working capital to fund the organization stage expenses of USA Barcelona Realty, Inc. ("USA BR") for which we are its advisor ("Advisor") and working capital requirements of the Company. We are organized as an Arizona limited liability company and intend to operate as an advisor ("Advisor") for our Affiliate Property funds ("Funds") each of which will be structured as either a limited liability company or a corporation. Any Fund structured as a corporation will elect to operate as a real estate investment trust ("REIT").

The Company is offering and selling, to accredited investors only, up to 4 Investment Units at \$250,000 per Investment Unit. Each Investment Unit is comprised of one Series A 12-6-12 Note and one Class B Unit. There is no Minimum Offering for the Investment Units, and we will have immediate use of all Offering Proceeds. Purchasers must purchase a minimum of one Investment Unit at \$250,000 per Investment Unit, except that we may permit investments of a lesser amount in our discretion. The Class B Units have limited voting rights. As a class, the four Class B Units have a ten percent (10%) interest in Company profit, loss, items of income, gain, credit or expenses (as defined hereafter). Each Class B Unit has a two and one half percent (2.5%) interest in Company profit, loss, items of income, gain, credit or expenses.

The Class A Units are held by our Executive Members, Affiliates, Advisors to the Company and other designees as described herein. As a class, the Class A Units have a ninety percent (90%) interest in Company profit, loss, items of income, gain, credit or expenses. Holders of Class A Units and Class B Units are collectively referred to herein as unit-holders ("Unit-holders"). Unit-holders share in Company profit, loss, items of income, gain, credit or expenses on a pro rata basis based on each Unit-holders respective percentage ownership interest in the Company. The Series A 12-6-12 Note will not be separately tradable from the Class B Unit that together comprises each Investment Unit. For interest computational purposes, the allocation of value of an Investment Unit is \$250,000 to the Series A 12-6-12 Note and no value allocated to the Class B Unit.

The Investment Units are being offered by the President and Executive Members of the Company on a "best efforts" basis, who will receive no compensation related to their sale activities. Other persons who assist in sales, including registered investment advisors, licensed securities dealers and others subject to applicable State Of Arizona securities laws, may receive fees or commissions. Our Affiliates may purchase Investment Units. We expect to terminate the Offering when all of the Investment Units offered by this Memorandum have been sold or 120 days from the date of this Memorandum (whichever occurs sooner), unless extended by us for up to an additional 180 days ("Offering Period"), in order to achieve the maximum Offering of 4 Investment Units or such lesser amount as we may elect.

	Price to Investor	Commissions & Expenses	Proceeds to Company
Per Investment Unit <sup>(1,2)</sup>	\$250,000	\$12,500	\$237,500
Total Offering <sup>(1)</sup>	\$1,000,000	\$50,000	\$950,000

<sup>(1)</sup> See "Planned Use Of Proceeds" on following page.

INVESTMENT IN THE INVESTMENT UNITS IS SPECULATIVE, INVOLVES A HIGH DEGREE OF RISK, AND IS SUITABLE ONLY FOR PERSONS OF SUBSTANTIAL RESOURCES WHO MEET ACCREDITED INVESTOR QUALIFICATIONS, INVEST FOR THEIR OWN ACCOUNT, HAVE NO NEED FOR LIQUIDITY IN THESE INVESTMENTS, AND CAN BEAR THE ECONOMIC RISK OF A COMPLETE LOSS OF THEIR INVESTMENT. SEE "RISK FACTORS." THE OPERATIONS OF THE COMPANY INVOLVE TRANSACTIONS BETWEEN THE COMPANY AND ITS AFFILIATES WHICH MAY INVOLVE CONFLICTS OF INTEREST. SEE "FEES TO AFFILIATES".

- ACCREDITED INVESTORS ONLY-

THE OFFERING EFFECTIVE DATE OF THE CONFIDENTIAL PRIVATE PLACEMENT OFFERING MEMORANDUM IS

OCTOBER 18, 2012 (1<sup>st</sup> Amended February 1, 2013, 2<sup>nd</sup> Amended April 29, 2013)

ACC000726  
FILE #8503

(Continued from cover page)

Planned Use of Proceeds

Planned Use Of Proceeds <sup>4</sup>	Percentage of Offering Proceeds	Maximum <sup>4</sup>
		\$ 1,000,000
Offering Commissions & Expenses, Custodian Fee Payments <sup>1,5</sup>	5.0%	\$ 50,000
Legal Expenses <sup>2,5</sup>	3.0%	30,000
Capital Contribution and Loans to USA BR <sup>3,5</sup>	50.0%	500,000
Working Capital <sup>3,5</sup>	42.0%	420,000
Total Planned Uses Of Class B Units Offering Proceeds	100.0%	\$ 1,000,000

- (1) Fees and commissions of up to 4% may be paid by the Company and up to an additional 1% in Offering expenses may be paid by the Company on Investment Units sold in this Offering where sales are made through broker-dealers that are members of the Financial Industry Regulatory Authority ("FINRA"), registered investment advisors and others, subject to applicable state securities laws of the State of Arizona. The Company's estimation of its allocation of the net Proceeds of this Offering is based upon projections regarding the Company's proposed business operations, its plans and current economic and industry conditions, and is subject to a reapportionment of Proceeds. The maximum Offering commissions and expenses are assumed and included in the table. Additionally, regarding purchases of Investment Units by IRA's, the Company will pay a one-time fee to the associated IRA Custodian of up to \$500, which payment will be deducted from any commission and expenses otherwise due on the sale of the associated Investment Unit(s). Offering commissions and expenses on Investment Units sales and IRA Custodian payments will be paid from Offering Proceeds based on sales of Investment Units accepted by the Company during the Offering period and any unused funds apportioned to this category will be reapportioned to Company working capital ("Working Capital").
- (2) Legal expenses associated with the Offering are estimated to be \$30,000 and will be paid from Offering Proceeds.
- (3) Working Capital will be established from Offering Proceeds to address contingencies and operating requirements of the Company including loans made to USA Barcelona Realty Advisors ("USA BRA") for its organization period requirements and for the purchase, as applicable, of USA BR Class A Common stock.
- (4) There is no minimum Offering ("Minimum Offering") and the Company will have immediate use of Offering Proceeds. We expect to terminate the Offering when all of the Investment Units offered by this Offering have been sold or 120 days from the Amendment Date of this Offering (whichever occurs sooner), unless extended by us for up to an additional 180 days, at the sole discretion of the Company.
- (5) Any unused funds apportioned to this category will be reapportioned to Working Capital.
- (6) Executive Members of the Company and Affiliates may receive a payment ("Organization Period Reimbursement Payments") in the aggregate amount of \$50,000 payable from Offering Proceeds.

2<sup>nd</sup> Amendment to the Offering – significant changes in the Memorandum

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1. As of April 29, 2013, one Class B Unit has been sold and one Class B Unit is reserved leaving two Class B Units available for purchase.
2. Page 10 – Chart of Forecast of Cost and Benefits of One Investment Unit (\$250,000) – Annual 12% Interest paid Quarterly, for year 2013 – Q1, changed to zero; Total payments for 2013 changed to reflect no payment in first quarter.
3. Page 13 - Chart amended to reflect updated ownership of Class A Member Units; Kerrigan increased from 100 Class A Units to 200 Class A Units and reserves changed from 1,000 Class A Units to 900 Class A Units.
4. Page 13 – Distributions to Members – item (2); added "(prorated in 2013 based on the date of entry of the investment)."
5. Page 26 and 27 – Tom Lattin removed as an advisor to the Company.
6. Pages 8, 47, 48, 50, and 57 - Company address now 7025 N. Scottsdale Rd., Suite 160, Scottsdale, AZ 85253, Phone 480-253-4355.
7. Pages 58-81 – Exhibit B – Operating Agreement; Amended And Restated Operating Agreement Of USA Barcelona Realty Advisors, LLC. Significant changes incorporated in the Operating Agreement:
  - a. Managing Member changed to President
  - b. Voting on Major Decisions – page 65, section 6.1 – generally, voting on major decisions requires a majority among the four executive members and in the event of a continuing tie the President casts the tie breaking fifth vote thereby giving the President, who is also an executive member, two votes, as needed.
  - c. Page 78 - List of Managers and Members added.
  - d. Schedule 1, page 79 – Percentage Ownership chart added.
  - e. Schedule 2, Form Of Joinder form added.
  - f. Schedule 3 – Form Of Spousal Consent form added.
8. Exhibit C – Statement Of Financial Position, page 90, financial information added

Certain Factors; Legends

THE INVESTMENT UNITS OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), UNDER THE ARIZONA SECURITIES ACT, OR UNDER ANY OTHER STATE SECURITIES ACT IN RELIANCE UPON EXEMPTIONS FOR TRANSACTIONS NOT INVOLVING A PUBLIC OFFERING.

THE INVESTMENT UNITS ARE SPECULATIVE SECURITIES THAT INVOLVE A HIGH DEGREE OF RISK. ONLY THOSE WHO CAN BEAR THE LOSS OF THEIR ENTIRE INVESTMENT SHOULD INVEST.

THE OFFERING OF THE INVESTMENT UNITS AND OPERATION OF THE COMPANY INVOLVE SEVERAL ACTUAL AND POTENTIAL CONFLICTS OF INTEREST. THE PRESIDENT, AND THE EXECUTIVE MEMBERS, HAVE TOTAL MANAGERIAL POWERS OVER THE COMPANY. CLASS A MEMBERS AND CLASS B MEMBERS WILL HAVE LIMITED RIGHTS TO VOTE ON OR APPROVE ANY DECISIONS OF THE PRESIDENT.

THE COMPANY WAS FORMED ON NOVEMBER 12, 2010 AND HAS A LIMITED OPERATING HISTORY.

THERE IS NO PUBLIC MARKET FOR THE INVESTMENT UNITS, NOR IS SUCH A MARKET EXPECTED TO DEVELOP. NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS MEMORANDUM AND OTHER DOCUMENTS PROVIDED BY THE PRESIDENT AND ANY INFORMATION NOT SET FORTH THEREIN MUST NOT BE RELIED UPON. THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION MAY NOT LEGALLY BE MADE. THE STATEMENTS IN THIS MEMORANDUM ARE MADE AS OF THE AMENDMENT DATE, AND NEITHER THE DELIVERY OF THIS MEMORANDUM NOR ANY SALE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION SET FORTH HEREIN SINCE THE DATE OF THIS MEMORANDUM.

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EACH PROSPECTIVE PURCHASER AND HIS ADVISORS, IF ANY, ARE ENCOURAGED TO AVAIL THEMSELVES OF THE OPPORTUNITY TO ASK QUESTIONS OF, AND RECEIVE ANSWERS FROM, THE PRESIDENT AND EXECUTIVE MEMBERS CONCERNING THE TERMS AND CONDITIONS OF THIS MEMORANDUM AND TO OBTAIN ADDITIONAL INFORMATION, TO THE EXTENT POSSESSED OR OBTAINABLE WITHOUT UNREASONABLE EFFORT OR EXPENSE, NECESSARY TO VERIFY THE ACCURACY OF THE INFORMATION IN THIS MEMORANDUM.

## SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

MANY OF THE STATEMENTS CONTAINED IN THIS MEMORANDUM DISCUSS FUTURE EXPECTATIONS, CONTAIN PROJECTIONS OF RESULTS OF OPERATION OR FINANCIAL CONDITION, OR STATE OTHER "FORWARD-LOOKING" INFORMATION. ALL STATEMENTS OF FORWARD-LOOKING INFORMATION ARE SUBJECT TO KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS, CERTAIN OF WHICH ARE BEYOND OUR CONTROL THAT COULD CAUSE THE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE CONTEMPLATED BY THE STATEMENTS. THE FORWARD-LOOKING INFORMATION IS BASED ON VARIOUS FACTORS AND WAS DERIVED USING NUMEROUS ASSUMPTIONS. IN LIGHT OF THE RISKS, ASSUMPTIONS, AND UNCERTAINTIES INVOLVED, THERE CAN BE NO ASSURANCE THAT THE FORWARD-LOOKING INFORMATION CONTAINED IN THIS MEMORANDUM WILL IN FACT TRANSPIRE OR PROVE TO BE ACCURATE.

Important factors that may cause the forecasted results to differ include, for example:

- Our ability to raise capital sufficient for us to conduct business according to our plans.
- Our ability to, on behalf of our Affiliates, acquire, invest in and make loans to apartments and hotels and other income-producing property ("Property" and "Properties") on a favorable basis, and to obtain a satisfactory income stream from those apartments, hotels other and other properties.
- Our ability to maintain sufficient liquidity and our access to capital markets.
- The effect of changing economic conditions, including the current U.S. recession which may be prolonged.
- Operating risks associated with the Property business, including potential terrorist attacks, which would affect occupancy and rates at our Properties and the demand for Properties products and services.
- Our relationships with property managers and franchisors.
- Our ability to cause our Affiliated Funds' Properties to be maintained in a first-class manner, including meeting capital expenditure requirements; our ability to cause our Affiliate's Properties to compete effectively in areas such as access, location, quality of accommodations and room rate structures.
- We have included a Forecast incorporating the Initial Company Budget. Our Forecast is based on a number of assumptions. Our assumptions may be wrong.
- Changes in the law and other risks which are described under "Risk Factors".

We do not promise to update forward-looking information to reflect actual results or changes in assumptions, to release publicly any revisions to any forward-looking statements, to report events or circumstances after the date of the Memorandum or to report the occurrence of unanticipated events, or other factors that could affect those statements.

Statements preceded by, followed by or that otherwise include the words, "believes," "expects," "anticipates," "intends," "estimates," "plans," "may," and similar expressions of future or conditional verbs such as "will," "should," "would," and "could" are generally forward-looking in nature and not historical. The factors discussed under "Risk Factors," in addition to those discussed elsewhere in this Memorandum, could affect the future results of the Company and could cause results to differ materially from those expressed in the forward-looking statements.

For any forward-looking statements contained in the Memorandum, the Company claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

### Reference to Industry Trademarks and Trade Names

"Marriott," "Courtyard by Marriott," "SpringHill Suites," "Fairfield Inn," "TownePlace Suites" and "Residence Inn" are each a registered trademark of Marriott International, Inc. or one of its Affiliates. All references below to "Marriott" means Marriott International, Inc. and all of its Affiliates and subsidiaries, and their respective officers, Directors, agents, employees, accountants and attorneys. Marriott is not responsible for the content of this Memorandum, whether relating to hotel information, operating information, financial information, Marriott's relationship with USA Barcelona Realty Advisors, LLC, or otherwise. Marriott is not involved in any way, whether as an "issuer" or "underwriter" or otherwise, in the Offering by USA Barcelona Realty Advisors, LLC and receives no Proceeds from the Offering. Marriott has not expressed any approval or disapproval regarding this Memorandum or the Offering related to this Memorandum, and the grant by Marriott of any franchise or other rights to USA Barcelona Realty Advisors, LLC shall not be construed as any expression of approval or disapproval. Marriott has not assumed, and shall not have, any liability in connection with this Memorandum or the Offering related to this Memorandum.

"Hilton," "Hampton Inn," "Hilton Garden Inn" and "Homewood Suites" are each a registered trademark of Hilton Hotels Corporation or one of its Affiliates. All references below to "Hilton" mean Hilton Hotels Corporation and all of its Affiliates and subsidiaries, and their respective officers, Directors, agents, employees, accountants and attorneys. Hilton is not responsible for the content of this Memorandum, whether relating to hotel information, operating information, financial information, Hilton's relationship with USA Barcelona Realty Advisors, LLC, or otherwise. Hilton is not involved in any way, whether as an "issuer" or "underwriter" or otherwise, in the Offering by USA Barcelona Realty Advisors, LLC and receives no Proceeds from the Offering. Hilton has not expressed any approval or disapproval regarding this Memorandum or the Offering related to this Memorandum and the grant by Hilton of any franchise or other rights to USA Barcelona Realty Advisors, LLC shall not be construed as any expression of approval or disapproval. Hilton has not assumed, and shall not have, any liability in connection with this Memorandum or the Offering related to this Memorandum.

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# USA BARCELONA REALTY ADVISORS, LLC

## CONFIDENTIAL PRIVATE PLACEMENT OFFERING MEMORANDUM

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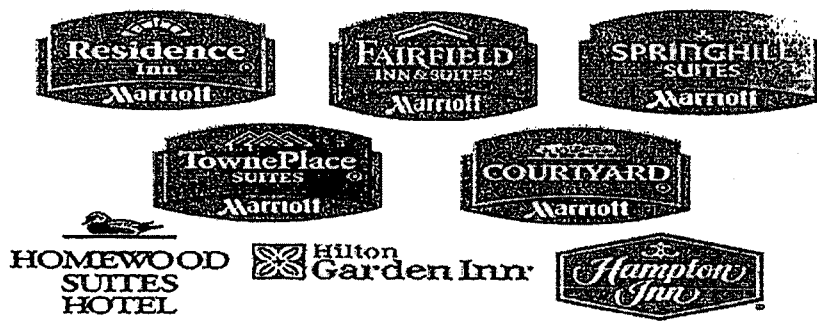
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## THE OFFERING

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The Offering pertains to a \$1,000,000 Offering comprised of four (4) Investment Units at \$250,000 per Investment Unit. Each Investment Unit is comprised of One Series A 12-6-12 Note and one Class B Unit.

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## The Company

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### Company Formation

The Company was formed on November 12, 2010 as an Arizona limited liability company. The Company is a Manager managed limited liability company. The Company's registered office is located at 7025 N. Scottsdale Road, Suite 160, Scottsdale, Arizona 85253. Its telephone number is 480-625-4355.

### Company Business Purpose

- The Company has been formed to be the Advisor to a series of private funds ("Fund(s)") and their affiliates ("Affiliates"), each designed to obtain equity capital through securities offerings ("Securities Offering(s)") which may be either exempt or registered, the proceeds of which will be used to acquire on a leveraged or unleveraged basis apartments, hotels and other qualified real estate ("Property" and "Properties").
- Hotels acquired by the Funds shall be predominately Marriott and Hilton select/focus service, franchised licensed hotels located in the US and Canada.
- Apartment communities of a location rating of B+ or better ("Apartment Location Rating") will be acquired from high quality apartment developers who typically will be retained as our manager under our strategic alliance manager ("SAM") program.
- The Funds may be in the legal form of limited liability companies or corporations, depending on the intent to operate a particular Fund as a REIT (in which case the structure will be a C corporation) or a LLC when REIT status is not required for the Fund.
- On behalf of the Funds, the Company will not invest in apartments, hotels or other types of properties requiring substantial unfunded capital expenditures.
- The Company will invest in hotels with franchises from recognized hotel brands including primarily Marriott International, Inc., and Hilton Hotels Corporation. Only approved operators of the applicable hotel franchised brands will operate Fund hotels under hotel lease contracts or management contracts. Third-party management companies will manage Fund apartments under management agreements.
- The Company investment and operating platform for the Funds focuses on capital preservation, cash flow for payment of Dividends, Dividend growth and capital appreciation.

## Business Plan Preparation and Introduction of USA Barcelona Realty Stock Offering

- Several of our Company managers and advisors have operated together commencing in mid-2009 with the primary focus on engaging with long-standing personal relationships in the hotel and apartment industries to assemble a group of highly accomplished development/management companies that share a common vision as to the alignment of an investment company with the interests of property companies.
- From this extensive undertaking came our unique SAM program.
- The SAM program's primary objective is to align the acquisition and management objectives of USA BR with the interests of the SAM's. For the SAMs, these common interests include (i) selling stabilized apartments and Marriott and Hilton hotels to us at current market values, (ii) continue the management of those properties for us, and, (iii) benefiting from the properties performance through operating incentives and sharing in certain value increases when we liquidate the assets. *(SAMs' share in gains that exceed our targeted IRR for properties they originally sold to a Fund).*
- We narrowed our review of dozens of high quality apartments and hotels we reviewed to a group of less than fifteen. For each of this group, we have completed financial reviews and in most cases on-site property due diligence analysis. In addition, with each owner we have established mutually acceptable terms and conditions of purchase and property management *(as a REIT, USA BR cannot manage its hotels).*
- This is a large undertaking. Our investment through this period exceeds \$1,500,000 in direct payments and contributed managers' and advisors' uncompensated time. *(Our compensation for this substantial cost is mostly in common stock rights in USA BR and some scheduled reimbursements).*
- We're now fully engaged in getting the USA BR Private Placement \$70,000,000 stock offering completed and placed on the Fidelity Investments platform. *(The USA BR offering will be sold through a group of independent registered investment advisors with the marketing of the offering headed up by Allen Weintraub).*
- In concert with our leverage plans for the properties, we will commence finalizing purchase agreements for the selected property portfolio with closings scheduled as the USA BR offering is sold throughout 2013 and 2014.
- We are offering investors the opportunity to join with us at a point in time where we have put together the pieces of the plan and are ready to execute it. The risks are fully measurable. Each of these key questions are soundly addressed herein.
  - ✓ Do we have the right management team?
  - ✓ Do we have the right management team?
  - ✓ Do we have a solid property plan?
  - ✓ Have we appropriately planned for USA BR's capital requirements?
  - ✓ Are the apartment and hotel sectors sound real estate investment sectors?
  - ✓ Are we acquiring properties in sound markets?

## Company Ownership and Control

The Company is owned ninety percent (90%) by its Class A Members and ten percent (10%) by its Class B Members. We will have four executive members ("Executive Members") who approve major decisions ("Major Decisions") and instruct our President as to the action to take regarding Major Decisions. Otherwise, our President manages the Company on a day to day basis. Richard Harkins, one of our Executive Members, is the Company President ("President"). Additionally there are outside advisors ("Advisors") to the Company, the number of which and the individuals may change from time to time. We have organized in this manner in anticipation of USA Barcelona Realty, Inc. ("USA BR") being the first in a series of Funds, with each Fund in the series being advised by us as the Advisor to the Fund. We believe that this structure will allow us to develop one management organization and operating support facility for multiple Funds, which should result in cost savings for the Funds and enhance our profitability.

## Units Offered Under the Offering

Up to four (4) Investment Units are offered at \$250,000 per Investment Unit. An Investment Unit is comprised of one Series A 12-6-12 Note and one Class B Unit.

### Chart of Forecast of Cost and Benefits of One Investment Unit (\$250,000)

Benefits to One Investment Unit		2013			
Based On Investment Made on May 1, 2013		Q-1	Q-2	Q-3	Q-4
Investment Amount	\$ 250,000				
Annual 12% Interest, paid Quarterly	1	\$ 5,000	\$ 7,500	\$ 7,500	
December 31, 2013 - 6% bonus interest	2				10,000
Priority Class B Member Distribution	5				8,333
Total Payments for 2013	\$ 38,333	\$ -	\$ 5,000	\$ 7,500	\$ 25,833
		2014			
		Q-1	Q-2	Q-3	Q-4
Annual 12% Interest, paid Quarterly	1	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500
December 31, 2014 - 12% bonus interest	3				30,000
Priority Class B Member Distribution	5				12,500
Return On Principal	4				250,000
Total Payments for 2014	\$ 322,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 300,000

<sup>1</sup> This is the Base Interest feature of the Note and is an 12% Annual Rate Of Return paid quarterly commencing 6-30-2013. The second quarter payment is based on two thirds of a quarter.

<sup>2</sup> This is the Year 1 Bonus Interest feature of the Note and is a one-time payment in the amount of 6% of the Note amount and is due 12-31-2013. This payment is based on an investment period of 8 months.

<sup>3</sup> This is the Year 2 Bonus Interest feature of the Note and is a one-time payment in the amount of 12% of the Note amount and is due 12-31-2014.

<sup>4</sup> Original Principal Investment amount of \$250,000 is due on the Series A 12-6-12 Note Term of 12/31/2014.

<sup>5</sup> Each Class B Unit is entitled to receive an annual Cumulative Priority Distribution, as determined by the Company, of \$8,333 in 2013 and \$12,500 in 2014 and each year thereafter. Any Cumulative Priority Distributions and current Priority Distributions must be fully paid before any other Distributions can be made to any Member Class Based on the Forecast for USA Barcelona Realty, additional Distributions to the Class B Units are forecast to occur annually commencing in 2015 and are not shown in the chart. Also not shown in this chart is our forecast of liquidation distributions to the Class B Units which exceed the initial Investment Unit cost.

### Series A 12-6-12 Notes

Each Series A 12-6-12 Note, all of which will be issued in conjunction with the Investment Units under the Offering, will be identical, as to interest rate, conditions of payment of interest and principal and term date to all other Investment Units issued under the Offering; however, the date of issuance of each Note may be unique. Each Investment Unit is comprised of one Series A 12-6-12 Note and one Class B Unit. The Series A 12-6-12 Notes will earn interest, as follows:

- Interest will be paid quarterly and shall be based on a 12% annual rate; however, the initial interest payment shall be due and payable on 3-31-2013 with interest due and payable quarterly thereafter through the term date of the Note.
- A Year 1 Bonus Interest payment in the amount of 6% of the Note amount shall be paid on 12-31-2013;
- A Year 2 Bonus Interest payment in an amount equal to 12% of the Note amount shall be payable on 12-31-2014.

The principal amount of the Series A 12-6-12 Notes shall be due and payable on 12-31-2014 ("Series A 12-6-12 Note Term Date"); however, the principal amount may be paid at any time prior to the Series A 12-6-12 Note Term Date, either in whole or in part, without penalty, at which time all interest due to the date of said principal payment, shall be due and payable. Any principal reduction payments made on the Series A 12-6-12 Notes must be made on a pro rata basis to all holders of Series A 12-6-12 Notes.

## Class B Units

As a class, the four Class B Units have a ten percent (10%) interest in Company profits, losses, gains and distributions (as defined hereafter). Each Class B Unit has a two and one half percent (2.50%) interest in Company profit, loss, items of income, gain, credit or expenses.

## Voting

Class A Members and Class B Members voting rights are limited to the following:

(i) The Class A Members shall each be entitled to cast one vote on any proposed action by the Company that if implemented would materially diminish Class A Members interest in Company profit, loss, items of income, gain, credit or expenses. A vote of the majority-in-interest of the Class A Members is required for approval of any such proposed action.

(ii) The Class B Members shall each be entitled to cast one vote on any proposed action by the Company that if implemented would materially diminish Class B Members interest in Company profit, loss, items of income, gain, credit or expenses. A vote of the majority-in-interest of the Class B Members is required for approval of any such proposed action.

(iii) Executive Members holding Class A Units or Class B Units are not entitled to vote on any proposed action under paragraphs (i) or (ii) above.

As a result of the limited voting rights of Class A Members and Class B Members, and other than those matters on which the Class A Members and Class B Members have the right to vote, the Executive Members have control of the Company through their exclusive right to approve all Major Decisions. (see Exhibit B - Operating Agreement, Section V)

## Organization of the Company

The Company is authorized by the Operating Agreement to initially have two classes of Member Interests as follows: (a) up to 2,000 Class A Member Units, and (b) up to 4 Class B Member Units. Additional Member Interest and Classes of Member Interest may be authorized by majority vote of the Executive Members and as otherwise subject to the voting rights of the Members.

As a class, the Class A Units have a ninety percent (90%) interest in Company profit, loss, items of income, gain, credit or expenses. Holders of Class A Units and Class B Units are collectively referred to herein as Unit-holders. Unit-holders share in Company profit, loss, items of income, gain, credit or expenses based on each Unit-holders respective percentage ownership interest in the Company. (see Exhibit B, Operating Agreement, Articles III and IV). The Class A Units are held by our Executive Members, other members of management, Affiliates, Advisors to the Company and other designees as described herein.

The Class B Units in conjunction with the Series A 12-6-12 Notes comprise the Investment Units that are the subject of the Offering. Each Investment Unit is comprised of one Series A 12-6-12 Note and one Class B Unit. The Series A 12-6-12 Notes will not be separately tradable from the Class B Units that together comprise an Investment Unit. The allocation of the \$250,000 stated value of an Investment Unit is (i) \$250,000 to the Series A 12-6-12 Note and (ii) no value allocated to the Class B Unit.

## Management of the Company

Except for the exercise of their approval rights set forth in Article VI of the Operating Agreement, the Members shall not take part in the management of the affairs of the Company, or control the Company business, and the Members may under no circumstances sign for or bind the Company. Subject to the limitations set forth in the Operating Agreement, or by non-waivable provisions of the Act, the President shall have complete authority and exclusive control to conduct any business on behalf of the Company in the sole and absolute discretion of the President without the consent of any Member, other than Major Decisions, which, Major Decisions must be approved by a majority vote of the Executive Members.

The day-to-day business and affairs of the Company shall be managed exclusively by its President. Richard Harkins is appointed by the Executive Members for an initial term as President expiring December 31, 2014. On an annual basis thereafter, our President shall be appointed by a majority vote of the Executive Members. Except as

may be otherwise expressly provided in the Operating Agreement, no Member, other than the President, has the actual or apparent authority to cause the Company to become bound to any contract, agreement or obligation, and no Member shall take any action purporting to be on behalf of the Company.

#### **The President and Duties of the President**

As President of the Company, the President is responsible for the implementation of the ordinary and usual business, affairs and purpose of the Company as more fully set forth in Article VI of the Operating Agreement. The President shall devote such part of the President's time to Company business as is reasonably and prudently necessary for the conduct of such business, affairs and purpose.

#### **Executive Committee**

The Founders Class A Members ("Founders Class A Members") shall establish the Executive Member Committee ("Executive Committee"), and the Executive Committee shall determine overall policies, objectives, and procedures for the operation of the Company. As of the date of the Operating Agreement, the Executive Members are Richard Harkins, George T. Simmons, Robert Kerrigan and Bruce Orr. The Executive Members shall thereafter be elected to the Executive Committee by vote of a Majority-in-Interest of the Executive Members. In the event of a vacancy on the Executive Committee, a new Executive Member shall be elected by an agreement of the remaining Executive Members. Any or all of the Executive Members may be removed with Cause at any time upon vote of a Majority-in-Interest of the Class A Members. The Executive Committee shall consist of four Executive Members. The President is appointed by the Executive Committee and oversees the day-to-day activities of the Company.

#### **Fees to Affiliates**

In addition to its participation in Distributions under Article III of the Operating Agreement, the Affiliates will receive additional compensation described below. The President shall in good faith, but at the sole cost and expense of the Company, use the President's best efforts to implement or cause to be implemented and to conduct or cause to be conducted the ordinary and usual business, affairs and purpose of the Company in accordance with and as limited by the Operating Agreement, including, but not limited to, the matters described below.

The President, in carrying on such activity, shall have all rights and powers generally conferred by law or which are necessary, advisable or consistent in connection therewith, and, in such capacity, shall have the specific rights and powers set forth below. In addition to any other rights and powers which it may possess, the President shall have all specific rights and powers required for or appropriate to the management of the Company's business, affairs and purpose which are outlined in Article VI and its sub-parts. (see Exhibit B – Operating Agreement).

**Organization Costs.** Pre-Formation Period and Post-Formation Period activities led to the identification of the apartments and hotels, apartment and hotel company Affiliates, prospective investment advisors, prospective Property lenders, organizational structure for a series of Funds, budgets for the various Affiliates of the Company, development of economic evaluation models for apartments and hotels and investment offerings, due diligence programs to be employed when reviewing prospective Property acquisitions, financial analysis programs for Property financings, private placement memorandum formats for Fund private offerings, programs for bank financing requests and presentations, and identifying sources for providing third party appraisals of Properties, financial review and audit of the Company and its Affiliates, market research studies for internal and external uses, development of accounting systems to be employed by the Company and development of legal sources to handle all aspects of real estate, contract and securities work needed by the Company and its Affiliates. In aggregate, our President, Executive Members, Affiliates and Company Vendors shall be reimbursed ("Organization Period Reimbursement Payments"), for deferred compensation and payables carried for the period November 12, 2010 through October 1, 2012, in the aggregate amount of \$50,000 payable from Offering Proceeds.

**Executive Members Compensation.** The Executive Members shall receive reasonable compensation for the performance of their services as Executive Members of the Company, provided that all Executive Members approve such compensation for each Executive Member. All Executive Members must approve any increase in the compensation payable to any Executive Members pursuant to the Operating Agreement. Other than the President, commencing November 1, 2012 each Executive Member, based on their date of commencement as an Executive Member, shall accrue a base annual "Guaranteed Payment" as stipulated in the Operating Agreement, Section 6.18(h)(i), or a lesser amount based on less than full-time service ("Full-Time Service") to the Company, as agreed by all Executive Members. The initial accrued base annual Guaranteed Payment may be increased or decreased on a calendar quarterly basis provided that all Executive Members approve

any such increase or decrease. Our Initial President, appointed by the Executive Committee, is also one of our initial Executive Members and is a member of our Executive Committee. Our President may receive periodic bonuses as determined by our Executive Committee but otherwise is compensated under the President's compensation plan as stipulated in the Operating Agreement, Section 6.18(h)(i).

#### **Class A Members - Capital Contributions and Credited Capital**

The Class A Units – The Class A Units are held by our Class A Members which are comprised of our President, Executive Members, Affiliates, Advisors to the Company and other designees as described herein. Founders, Executive Members and Advisors have contributed \$500,000 ("Agreed Value") of credited capital ("Credited Capital") over a period that included the Pre-Formation Period which commenced in July 2009 and the Post-Formation Period which commenced with the formation of the Company on November 12, 2010.

Credited Capital includes deferred compensation, services and property contributed to the Company for which no or partial cash compensation was paid as of the Amendment Date. As a result of capital contributions ("Capital Contributions") and Credited Capital, the aggregate capital accounts of the Class A Members is \$500,000 as of the Amendment Date. As a class, the Class A Units have a ninety percent (90%) interest in Company profit, loss, items of income, gain, credit or expenses.

As of the Second Amendment Date, the Class A Units are held as follows:

Class A Member Unit-holders	Units Held	Percentage Ownership of Class A Units
Richard Harkins	500	25.0%
George T. Simmons	300	15.0%
Robert Kerrigan	200	10.0%
Bruce Orr	100	5.0%
Reserved	900	45.0%
Class A Member Units Authorized for Issuance	2,000	100.0%

#### **Distributions to Members**

Distributions are specified in Article IV of the Operating Agreement. Except as otherwise provided in Article X, as soon as practicable after the end of each year of the Company Year, and, as to year-end distributions, in no event later than ninety (90) days after the end of each Company Year, the Company shall distribute and apply the net cash flow ("Net Cash Flow") for the previous year in the following order of priority:

- (a) \$12,500 Cumulative Priority Distribution to each Class B Unit (prorated in 2013 based on the date of entry of the investment).
- (b) 100% (or such lesser amount as is required) to pay all accrued but unpaid interest on outstanding Initial Members loans and Members loans.
- (c) 100% (or such lesser amount as is required) to repay the principal of any outstanding Initial Members Loans and Members Loans.
- (d) 100% to the Members in proportion to the unreturned balance of their respective Capital Contributions Accounts until the Members receive aggregate distributions that reduce the balances of the Members' respective Capital Contributions Accounts to zero.
- (e) The remaining Net Cash Flow, on a pro rata basis, shall be distributed to the Class A Members and Class B Members based on their respective ownership percentage of the Company.

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#### President Loans, Class A Members Loans and Additional Capital Contributions

The President has the obligation to make a best effort to arrange for loans based on the needs of the Company. The President has no obligation to make any such loans itself. The Class A Members are under no obligation to make loans to the Company but may elect to do so to meet needs of the Company. Neither the President nor any Class A Member is obligated to make additional Capital Contributions to the Company. (see Operating Agreement, Article II and Article VII).

#### Allocations to Members

Each Member will be allocated a share of profit, loss, items of income, gain, credit or expenses for each fiscal year of the Company, in accordance with their respective capital accounts and as specified in Article III of the Operating Agreement. (see Exhibit B, Operating Agreement).

#### Limitation Of Authority

The Executive Members have the exclusive right to approve all Major Decisions which will be carried out by our President. Our President makes all the decisions other than Major Decisions for the Company. The Class A Members by majority vote have the right to approve any change in the Company that will materially diminish their pro rata economic rights under the Class A Units.

The Class B Members voting rights shall be limited to their right by majority vote to approve any change in the Company that will materially diminish their pro rata economic rights under the Class B Units.

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### COMPANY BUSINESS PLAN

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#### Company Business Purpose

USA BRA has been formed to be the Advisor to a series of private Funds and their Affiliates. Each Fund will be designed to sell equity interest through exempt offerings ("Exempt Offering") or public offerings ("Public Offerings"), the proceeds of which will be used to acquire, on a leveraged or unleveraged basis, apartments and hotels. The hotels will be predominately Marriott and Hilton select/focus service, franchised licensed hotels located in the US and Canada.

Each Fund may be in the legal form of an LLC or a C Corporation. C Corporation Funds will elect to operate as REITs. The initial Fund which is being organized as of the Amendment Date is USA Barcelona Realty ("USA BR").

When formed and as planned, USA BR will elect to operate as a real estate investment trust ("REIT") for federal income tax purposes beginning with its taxable year ending December 31, 2014. As a REIT, it will generally not be subject to federal income tax. It will, however, be subject to a number of organizational and operational requirements and limitations.

#### Organization of USA Barcelona Realty and its Subsidiaries

USA BR – We expect USA BR to be capitalized through one or more private offerings of Units comprised of its Shares and through Borrowings.

Operating Partnership – USA BR would be the general partner (or managing member) of a wholly-owned subsidiary, USA Barcelona Realty Operating Partnership (or Operating Company if a limited liability company), also referred to as USA BR OP. It will have three wholly-owned subsidiaries to hold our Property acquisitions, joint ventures, partnership investments and loans:

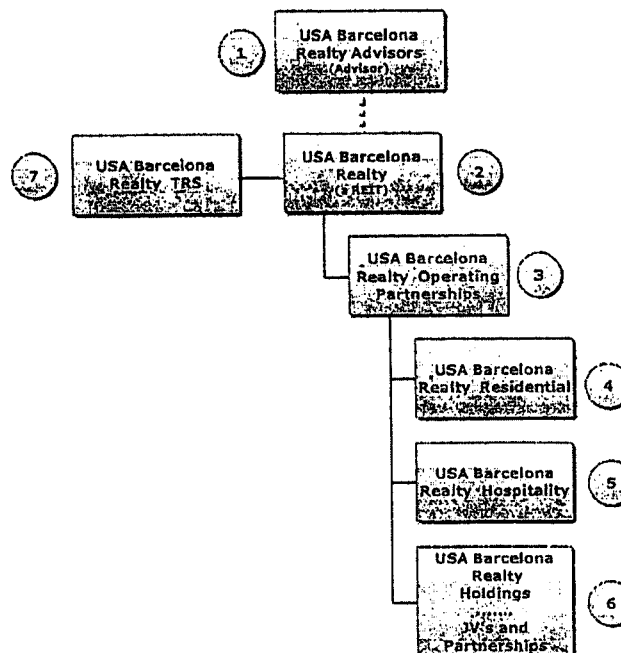
- USA Barcelona Realty Residential to hold our apartment communities,
- USA Barcelona Realty Hospitality to hold our hotels and

- USA Barcelona Realty JVs and Partnerships will be the managing member or co-manager of each of a group of single purpose investment entities including partnerships and other forms of joint ventures that we may form to make loans to, co-invest in or co-own properties that may include apartments, hotels or other types of real estate.

Taxable REIT Subsidiaries - On or before the acquisition of a property, we expect that USA BR will incorporate and own controlling interest in a TRS relative to that property. Each Single property LLC would be matched with a TRS ("Matched TRS"), and USA BR would own a controlling interest in each Matched TRS.

As shown in the following chart, USA BR anticipates having two primary subsidiaries, USA Barcelona Realty TRS and USA Barcelona Realty Operating Partnership. USA Barcelona Realty Advisors is the Advisor to USA BR and to each of USA BR's subsidiaries and affiliates.

1. USA Barcelona Realty Advisors ("USA BRA") – USA BRA is organized to be the Advisor to a series of Funds, including USA BR, and the administrator of each of the Funds subsidiaries and Affiliates.
2. USA Barcelona Realty - USA BR is the initial Fund under USA Barcelona Realty Advisors' advisory. USA BR is making the Offering of Units described in this Memorandum, and plans to elect REIT status
3. USA Barcelona Realty Operating Partnership ("USA BR OP") – We intend to form USA BR OP as a wholly-owned Affiliate of USA BR. It will have three wholly-owned subsidiaries to hold our apartment and hotel acquisitions, joint ventures, partnership investments and loans. USA BR expects to be the general partner of USA BR OP and provide it with its equity capital through general partner capital contributions. If USA BR OP is a limited liability company USA BR will be its managing member.
4. USA Barcelona Realty Residential will be the managing member of each of a group of Single property LLCs that we expect to form to own our apartment communities that we plan to acquire. Under our plan, USA BR Residential's Single property LLCs would be the property owners and USA BR Residential would be the managing member of each Single property LLC. We may manage our apartment communities through a wholly owned Affiliate or enter into management agreements with third parties to operate our apartment communities.
5. USA Barcelona Realty Hospitality will be the managing member of each of a group of Single property LLCs that we expect to form to own our hotels that we plan to acquire. As a part of the plan, each Single property LLC would lease its hotel to a Matched TRS which would operate each hotel under a triple net lease contract. The Matched TRS would have its hotel managed for it by an independent management company under a management contract (this structure meets certain REIT regulations restricting how hotels are managed).
6. USA Barcelona Realty JVs and Partnerships will be the managing member or co-manager of each of a group of single purpose investment entities including partnerships and other forms of joint ventures that we may form to make loans to, co-invest or co-own properties that may include apartments, hotels or other types of real estate.
7. USA BR Taxable REIT Subsidiary(s) ("USA BR TRSs") – REIT regulations do not allow a property REIT to directly manage certain types of properties, including hotels but not including apartment communities. However, REIT regulations have a provision that allows a REIT's controlled taxable subsidiaries (the TRS's) to lease the REIT's Properties from the REIT's Single property LLCs, thereby



assuring the REIT will have Good REIT Income from the leases.

In our proposed organizational structure, each Single property LLC will have an associated Matched TRS. Each TRS would have the related property managed through management contracts or leases with non-affiliated third party management companies. Income received by the TRS from the third party management companies would be passed through to the Single property LLCs in the form of lease payments, which, when distributed to USA BR OP and then to USA BR, would constitute Good REIT Income to USA BR.

#### **Acquisition Activities – Selection of Properties for our Funds**

For both apartments and hotels, a candidate property is closely reviewed under underwriting guidelines designed to reveal both property and market strengths and weaknesses.

At the micro (property) level, a comprehensive review of a subject property's operations in context with its competitive environment

- For Apartments – Occupancy and rents history;
- For Hotels – Occupancy, room rate and other revenue and cost center history;
- Current loans in place;
- Apartment improvements, and location, are rated for direct comparison with properties of similar type.
- Physical characteristics;
- Prior sales;

At the macro (submarket/market) level

- Rental market conditions,
- Apartment supply – existing, and new construction.

Properties selected as qualified acquisition candidates, are presented by the Company to a Fund's Board Of Directors for its review and approval for investment or purchase. The Company then undertakes the negotiations with the Property owner on behalf of the Fund.

As of March, 2013, resulting from its organizational activities, the Company had reviewed over twenty five (25) Properties that meet our acquisition criteria. Information derived from three apartment development companies is currently being compiled on over twenty apartment communities that meet our preliminary requirements.

We anticipate that the initial Fund (USA Barcelona Realty) will acquire or invest in four to five apartment communities and four to six Marriott and Hilton brand hotels.

#### **Property Portfolios**

In creating the property portfolio for our Funds, we blend Apartments and Hotels to create diversification of current income, income growth and capital appreciation. Blending the investment expectation of apartments and hotels creates a base level of relative certainty of our ability to perform on dividend expectations while having a solid opportunity to realize substantial dividend growth.

- Apartments - We are acquiring apartments while the industry has achieved a high occupancy level but with a good upside for rent increases.
- Hotels - Hotels are still coming back from a downturn and offer an upside in both occupancy and total revenue growth. In both cases we are acquiring below current replacement value.

#### **Apartments**

Apartments - The apartments we acquire will be in suburban locations and cater to upper income renters seeking a high quality community experience.

Over the last 25 years, institutional investors in the United States have significantly increased their ownership of apartment Properties. The apartment sector now accounts for the second-largest share of institutional investors' real estate holdings, lagging only the office sector.

During this period, the apartment sector established itself as having the best track record for risk-adjusted returns and recognized diversification benefits for real estate portfolios. Apartment Properties also present investors with a wide range of choices in terms of product, location and advantageous debt financing, allowing them to pursue a wide variety of successful investment strategies.

Professionally-managed apartment Properties in the United States are a highly liquid asset class that is attractive to institutional capital due to its stable cash flows, abundant debt financing, and unique diversification benefits.

Our apartments will fall in the range of B+ to A+ in two rating categories, Location and Improvements. Here are the definitions of these two categories as published by Pierce-Eislen:

#### Location

- **A+/A** - Defines the *Tiffany* of metropolitan area locations. The property occupies a site incorporating unique characteristics (i.e. view of, or from, mountains; golf course frontage; lake frontage; ocean view); very close access to a high concentration of high quality employment, high quality shopping, immediate area demographics emphasize upper income households.
- **A/B+** - Area employment sources are highly concentrated, and of good quality (high paying jobs – gray-collar/white-collar composition); shopping and entertainment is nearby, and of good quality; the neighborhood environment is attractive, but not as demographically upscale as the "A+" location; area housing is relatively new, or priced well-above the median of metropolitan area single-family housing pricing; area direction of change in quality is improving, and is currently among the most desirable metropolitan area submarkets.

Note: Location factors are subject to evolutionary change. Adjustments in location ratings result from evolution in such factors as: Area access availability; changes in the employment base; area household demographic composition shifts resulting in a structural change due to economic changes, or city master plan changes related to gentrification.

#### Improvements

- **A+** Among the best of all metropolitan area apartment communities – superior amenities – both in degree and quality of inclusion; of condominium quality in finishing detail; architecturally attractive; large unit sizes; interesting floor plans; unusually attractive amenities; and of superior construction quality. The property sets a metropolitan area rental housing standard of superiority.
- **A** A very attractive apartment community. Architecture is distinctive; unit mix, unit sizes, and finishing detail that are similar to an "A+" rating are included. Deductions from ratings are associated with less attractive exterior finishes, interiors are good quality, but not inclusive of details associated with the best properties.
- **A-** An attractive apartment community, but details that will otherwise distinguish an "A", or "A+", rating are not included. Deductions from ratings are associated with less attractive exterior finishes, interiors are good quality, but not inclusive of details associated with the best properties. Development density may be higher than the higher rated properties.
- **B+** Of almost "A-" rating. Washer/dryer hook-ups are provided, but typically washers and dryers are provided by the resident, rather than the property, or washers and dryers are provided, but are stacked, half-sized. Architecture is satisfactory, but not striking; unit sizes are generally smaller than properties within the "A" quality category; recreational amenities are relatively complete, but not developed to the degree of detail associated with the "A-" quality community.

#### Hotels

The hotel Properties we acquire may be full-service or select/focus service (including extended-stay). Full-service Properties generally provide a full complement of guest amenities including restaurants, concierge, porter, room service and valet parking. Select/focus service Properties typically do not include all of these amenities. Extended-stay Properties offer residential style lodging with a comprehensive package of guest services and amenities for extended-stay business and leisure travelers.

The plan calls for USA BR to acquire, invest in and lend to primarily select/focus service hotels, including extended-stay hotels. Select/focus service hotels typically do not include most of these amenities. Extended-stay hotels offer high-quality, residential style lodging with a comprehensive package of guest services and amenities for extended-stay business and leisure travelers. We may also acquire full-service hotels. Full-service hotels generally provide a full complement of guest amenities including restaurants, concierge and room service, porter service or valet parking.

### **Key Factors behind our selection of apartments and hotels**

- Apartments have a long track record of having the highest risk-adjusted investment returns compared to other property types. The sector has proven to be most resilient during economic downturns, delivering superior returns during recessionary periods.
- Apartments have the most efficient cash distribution, due to low capital expenditures.
- Apartments have a lower cost of capital and wider availability of debt capital; apartment investments can support more debt than other property types with the same level of risk.
- Apartments have shorter leases (generally 12 months) than other property types, allowing them to adjust more quickly to changing market environments.
- Apartment and hotel market fundamentals are expected to remain positive on a cumulative basis over the next five-to-seven year period. Demand is expected to expand and new supply is expected to remain behind demand as "time to come to market" has been lengthened due to uncertainties in the capital markets, creating conditions for attractive rent and revenue growth in most locations.
- Hotels operate in a favorable, transparent, and market-driven regulatory and taxation environment.
- Hotels can generally adjust their rates on a daily basis giving them the greatest flexibility to react of demand and changing market conditions
- Hotels in the Marriott and Hilton brands enjoy industry branding. Such branding requires owners to constantly upgrade and periodically renovate the hotel to franchise standards or lose the franchise flag. This "franchise" control leads to a strong level of certainty for hotel customers as to their lodging experience. While our focus will be on Marriott and Hilton brands, we will have no limitation as to the brand of franchise or license with which USA BR hotels will be associated.

### **Other Real Estate**

Even though we intend primarily to acquire apartments and hotels, we may use a portion of the Offering Proceeds to purchase including golf properties and other real estate. We believe that less than 20% of the net proceeds raised in this **Offering** may be used to acquire real estate other than apartments and hotels.

### **Exit Strategies**

We expect that within approximately 6 years our Funds may (i) merge and the resultant merged company's common shares to be listed on a national securities exchange or quoted on the NASDAQ National Market System, (ii) merge, consolidate or otherwise combine our Company with non-Affiliates in a manner where we retain control of the merged entity; or (iii) dispose of all of Funds' Properties in a beneficial manner for our Funds' shareholders.

## **Business Opportunities and Objectives**

### **Business Opportunity**

Since the decline of the national economy commenced in mid-2007, real estate industry, across most markets and product types, has suffered a 10% to more than 40% decline in revenue performance. This decline, together with severely restricted capital markets during the same period, depressed Property values to pre-2007 levels. Currently, emerging out of the bottom of this cycle, we see an unprecedented opportunity to execute our Property acquisition plan. With minimal new apartments and hotels coming online in the next few years, tight debt markets and economic recovery underway, we feel recovery in the apartment and hotel sectors will be rapid and strong.

### **The Unfolding Property Market Recovery**

Our business plan is predicated on buying in the recovery portion of the current cycle (and we believe that we are out of the low point in the cycle and seeing recovery of values). Following our ownership period of approximately six years, we envision a Roll-Up of our Funds in an initial public offering, at which time we expect to extract the values for our Funds' Shareholders created from acquisition to stabilization. This projected holding period may be longer or shorter and other exit strategies may be more attractive.

In our opinion, herein lies the opportunity for USA BR. As we experience the U.S. economic recovery, apartment occupancies are high and rents are rising. Hotel occupancies and average daily rates are also recovering. We believe that the current state of the apartment and hotel sectors allows the assemblage of a Property portfolio at historically advantageous prices. We further believe that apartment and hotel performance will continue to rebound over the next several years until new supply stabilizes demand. During this period, we predict a substantial improvement in revenue performance of apartments and hotels and a corresponding increase in the values of our Funds' Properties.

### **Business Strategies**

Our primary initial business objective is to maximize share value of our Funds by maintaining long-term growth in cash dividends to our Funds. To achieve this objective, we will focus on maximizing the internal growth of Fund portfolios by selecting Properties that have strong cash flow growth potential.

We expect that within approximately 6 years we may:

- cause our Funds to merge and the resultant merged Company's common shares to be listed on a national securities exchange or quoted on the NASDAQ National Market System;
- merge, consolidate or otherwise combine our Funds with non-Affiliates in a manner where we retain control of the merged entity; or
- dispose of all of our Fund's Properties in a manner which will permit distributions of cash to our Funds equity interest holders.

Any of these actions will be conditioned on the controlling Members in the case of a partnership or limited liability company or Board of Directors in the case of a corporation of each Fund determining the action to be prudent and in the best interests of its equity interest holders. However, we are under no obligation to take any of these actions, and any action, if taken, might be taken before or after the 6 year period mentioned above. Certain of these transactions, such as a merger or sale of all of the Fund's assets, or our dissolution, will require our Fund's equity interest holders' approval, and this may be difficult to obtain.

### **Strategic Alliance Managers (SAMs)**

The Company believes that the Strategic Alliance Managers ("SAMs") will be valuable partners in executing the Funds' overall business strategy. The initiative to match the Funds' interests with that of the SAMs' is met as the SAMs source Properties for the Fund's acquisition. Additionally, under a TRS structure, the SAMs manage the Properties they sell to the Funds and those they find for the Funds.

The SAMs benefit from a continuous management fee stream that provides for additional compensation based on performance. The SAMs have an immediate liquidity event from Properties sold to the Funds and receive fees for Properties found for and acquired by the Funds. The SAMs have a subordinated interest in profits from the sale of Properties comprising their SAM portfolio. The SAMs possess significant experience in developing and acquiring high-quality Properties as well as providing the Funds with top quality Property management services.

## Funds' Dividends & Distributions

As planned for the Funds, dividends or distributions will be paid on a quarterly basis as declared by each Fund's board and will be based on an annual preferred dividend rate to a Fund's syndicated class of investors ("Syndicated Investor Class"). Common dividends, as declared by the Fund's board are paid on an annual basis on a pro rata basis to the common shares. Distributions (at liquidation) are made in priority to the preferred stock shares within the Syndicated Investor Class at a specified IRR (internal rate of return). Any additional funds available for distribution from liquidation are paid to the common shares on a pro rata basis. Common shares in each Fund are planned to be owned 70% by the Syndicated Investor Class and 30% by the Company.

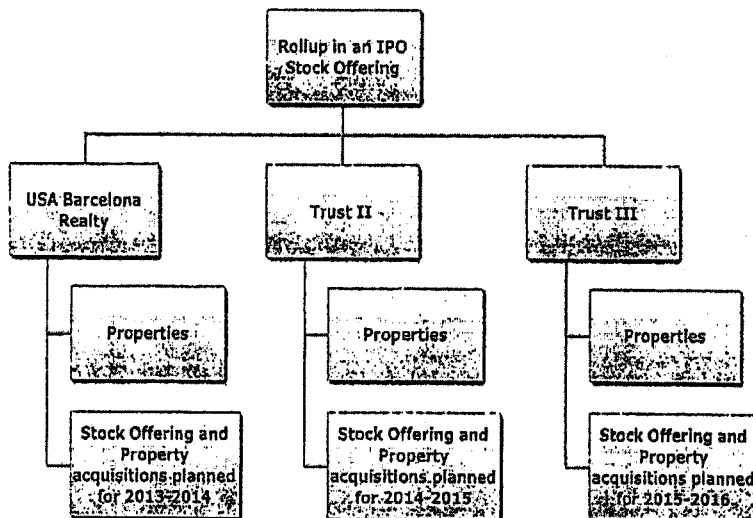
We envision a continuing pursuit of Property acquisitions as we strive to reach a Properties asset base that would be sufficient for conducting an efficient and attractive initial public offering. This could be achieved in a one of two ways, (i) building the capital base and Property portfolio of one Fund, or (ii) creating a series of Funds that combine in a Roll-Up. We favor the creation of series of Funds as our preference of Property types and scale may change as the economic cycle unfolds and supply and demand evolve among Property types and scale within each Property type.

The following chart demonstrates the organization of a series of private Funds that result in a Roll-Up ("Roll-Up") into a new public company. In this plan, the Roll-Up would be financed by proceeds of an initial public offering ("IPO").

**Chart – Series of Funds**

The steps contained in the plan to achieve this objective as outlined, as follows:

- By the end of fourth quarter 2013, we intend to have selected eleven to twelve Properties to be acquired by USA BR requiring approximately \$210,000,000 of equity and debt capital. We intend to acquire apartments, hotels and possibly other qualified income properties.
- Thereafter, we plan to acquire, on behalf of other Funds for which USA BR is the advisor, approximately 10 to 15 Properties per year, requiring approximately additional debt and equity capital as shown in the chart.
- Between 2013 and 2019, we will strive to position USA BR and the Funds that follow USA BR, to which we will be the Advisor, to combine their Property portfolios in a Roll-Up IPO ("Roll-Up IPO"), thereby converting the Funds' investors into shareholders in the resultant public company. We further anticipate that certain of our President, Executive Members and Advisors would be officers of that public company and our Class A Members and Class B Members would liquidate their LLC Units for cash and/or shares in the public company.
- We have given considerable thought to an exit strategy for both the Investors in the Company and in the Funds to which it will be an Advisor. We have concluded that by structuring the organizational steps to be compatible to an eventual business combination and to focus on a Roll-Up of all entities into a new public company offers the best or one of the best opportunities to maximize the value of the Funds' assets and the administrative value of the Company. All equity holders in the Company, including the Class B Members, would benefit from a successful execution of this Roll-Up strategy. Other exit strategies may be available, any one of which may be more equally or more attractive to the Company and the Funds than a Roll-Up IPO.
- No assurances can be given that we will accomplish the foregoing or at what time, if at all. (See "Risk Factors")



## Partnering Approach

Assuming we can execute our plan for USA BR and the other planned Funds to follow during the current business cycle, in addition to, or in lieu of Property purchases, the Funds should have opportunities to partner with high quality Property owners. Such opportunities would include capital investment in Property ownership entities to (i) reduce debt, (ii) satisfy accrued financial requirements, (iii) establish cash reserves to assure the property meets its needs as economic recovery occurs, and (iv) provide cash to the existing owner for other Property purchases that may also involve the Funds.

We anticipate that partnering would allow the Funds to acquire controlling interest in the same types of Properties that the Funds seek to acquire. It is an efficient method of deploying capital that creates portfolio investment opportunities, geographically disperses risk and in most cases will leave in place capable and knowledgeable management. We expect that this approach may also result in investment returns that are comparable to those achievable via acquisitions. In many cases, Properties that meet the Fund's investment criteria cannot be sold in today's market without substantial loss of owner equity. This partnering approach provides opportunities for investment in performing assets that are undervalued in current market conditions and where the transaction provides the sellers with benefits not offered by other buyers.

## Targeted Property Markets

On behalf of our Funds, we intend to arrange to acquire apartments and select/focus service hotels. Currently, we have not established our initial Fund, USA BR and therefore our Funds own no Properties.

Full service hotels generally provide a full complement of guest amenities including restaurants, concierge, porter and room service or valet parking. Select/focus service hotels typically do not include most of these amenities. Extended-stay hotels offer residential style lodging with a comprehensive package of guest services and amenities for extended-stay business and leisure travelers. We will own no Properties. The Funds to which we are Advisor, or one of their wholly-owned subsidiaries, will own all of the Properties we acquire.

We will seek associations with distinctive brands in the hotel markets. However, we do not anticipate affiliating our Funds with only one brand of franchise or license.



## Negotiations For Property Acquisitions

We have reached agreements with several apartment and hotel companies to strategically align with us and are in discussions with other potential SAMs who collectively own and manage or manage for others over 500 apartments and hotels located in over 20 states. The SAM-managed Properties we have targeted for purchase by our initial Fund are operated under the industry's leading brands including Marriott's Courtyard, Fairfield Inn, SpringHill Suites, TownePlace Suites and Residence Inn; and Hilton's Hampton Inn and Hilton Garden Inn, Homewood Suites and Home2 Suites. We intend to also acquire apartments and possibly other qualified income properties.

### **Management Contracts and Lease Contracts**

On behalf of the Funds, the Company intends to employ both management contracts and leases with its SAMs. The majority, if not all, contracts will be management contracts. Management contracts potentially allow for a greater share of property cash flow to accrue to the Company while leases provide a higher degree of certainty of income.

If a Fund elects to operate as a REIT, it is prohibited under the federal tax laws pertaining to qualifying as a REIT from operating its hotels directly. In this case, they intend to lease each of their hotels to a wholly-owned TRS, or another lessee for their management. If they elect to operate as a REIT, they anticipate that substantially all of their hotels will be leased to one of their wholly-owned subsidiaries.

A REIT can own up to 100% of the equity of a TRS. The REIT Modernization Act permits a REIT to lease the hotels that they own to a taxable subsidiary rather than requiring it to lease its hotels to a separate, unaffiliated entity. The hotels that they lease to a TRS will still need to be managed by an unaffiliated third party. Any net profit from the leases held by a TRS, after payment of any applicable corporate tax, will be available for distribution to the Fund as qualified REIT income.

### **Lease Characterization**

In order that any lease could not be characterized as a service contract or joint venture in the guise of a lease, the Operating Company's and Affiliate's possessory rights will be subject to the tenant's leasehold rights, and the tenant will have both the benefits and risks of Property operations. We expect that the Funds leases will have the following provisions:

- Periodic fixed and percentage rent payments.
- Fixed rent payments would be payable without regard to the success or failure of operations. Percentage rent would be based on gross revenue, rather than profit or net income, although real estate-related costs, such as taxes, insurance and real estate operating costs, may be deducted before determining the Operating Company's percentage of gross revenues.
- Percentage rents would be set at lease execution, and would not be renegotiated if the changes are based on profit or net income.
- Lease term would be 5 to 10 years.
- In select transactions, a Lessee ("SAM") of one or more Company owned Properties may have a subordinated interest in distributions of funds generated from the sale or refinancing of such Company owned hotels leased by said participant.

### **Management Contract Terms and Conditions**

We plan to have each of our Funds Properties managed by an independent manager under a separate management contract between the manager and the Fund (which is one of its wholly-owned subsidiaries, as specified in the previous section). The manager would be responsible for managing and supervising the daily operations of the Property.

All terms of these contracts would be the result of commercial negotiations between otherwise unrelated parties, and the fees and terms would be appropriate for the Property and the market in which it operates.

- Typical Term – Management Contracts to be used by the Funds - The term of the agreement is effective for an initial period of 5 to 10 years, with the option to renew at the Fund's sole discretion for one or more additional periods of five years each.
- Base Fee - The manager would be paid, within a range of 3% to 5% of the gross Property revenues received from the applicable property.
- Incentive Fee - The manager would receive an incentive management fee in a range of an amount equal to 3% to 12% of cash flow after all expenses included base fee, debt service and reserves.

### **Timing of Acquisitions of and Investments in Properties**

We think the current state of the apartment and hotel industries allows the assemblage of a series of performing Portfolios at reasonable prices relative to replacement values but with a less than 24 month window of opportunity to execute the strategy of acquiring quality Properties below their replacement values. As the US economy recovers, apartment rents will rise and hotel occupancies and average daily rates will stabilize at their appropriate levels. According to leading apartment and hotel industry experts, due to rising occupancy levels and rate

increases, apartment and hotel values started to rebound in 2010. There is still plenty of room to bring apartment rents and hotel occupancy and rate to their pre-2008 levels. As this recovery unfolds, we have a timely opportunity for investment in and acquisition of apartments and hotels.

#### **Broad Industry Relationship of Principals**

The Company principals and outside Advisors have extensive long-standing relationships with apartment and hotel owners, management companies, franchisors, lenders, brokers and consulting companies. We think broad sets of relationships afford the Company high level access to numerous partnership investment and acquisition opportunities.

#### **Risk Diversification**

Risk diversification is achieved through deploying our Fund's capital for both (i) partnership investments and acquisitions, and (ii) involving a mix of apartments and hotel brands, locations and chain scale. The Fund's portfolios are forecasted to include numerous apartments and hotels with capital deployed through partnership investments and acquisitions. The Fund's portfolios will include apartments located in the United States and hotels located in the United States and Canada. We may also acquire other qualified income properties.

#### **Franchise Relationships**

The Company expects its Funds will own franchised hotels in the upscale chain scale such as Courtyard by Marriott, Residence Inn and Springhill Suites by Marriott, Hilton Garden Inn and Homewood Suites. To further diversify the Fund's portfolio, the Company will target upper midscale hotels with top-performing brands such as Fairfield Inn by Marriott, TownePlace Suites by Marriott, and Hilton's Hampton Inn and possibly several key performing upper upscale hotels, such as Hilton and Marriott hotels.

We expect that each hotel will have a franchise license agreement between the lessee and a franchise Company providing for the payment of royalty fees and program fees to the franchisor based upon a percentage of gross room revenues. We anticipate that normally the management company will enter into a guarantee agreement in which it will guarantee the payment and performance of the lessee under the franchise license agreement.

The fees and other terms of franchise agreements will be the result of commercial negotiations between otherwise unrelated parties, and we believe that such fees and terms will be appropriate for each hotel and the market in which it operates. Normally, franchise agreements may be terminated for various reasons, including failure by the lessee to operate in accordance with the standards, procedures and requirements established by the franchisor.

#### **Capital Structure of Affiliated Funds' Properties**

The capital structure of the apartments and hotels may include leverage of up to 80% and 65% respectfully (more in select cases). Some Properties may be unleveraged at the time of acquisition. As debt markets allow, the capitalization plan is to incorporate appropriate leverage for the Property portfolio.

- For partnership investment in Properties, the Funds will be in a preferred equity position with priority return and participation return features (structured as payments from gross income to assure appropriate income for REIT).
- Acquisition Properties may be structured with individual debt and equity per Property or our leverage may be a credit facility with all owner Properties providing the collateral for the credit facility. While we see the possibility for some all-cash transactions at the time of acquisition, we anticipate all owned Properties will be individually or collectively leveraged. Some debt may be seller financing.
- Generally, each portfolio Property will be owned by a single property bankruptcy remote entity, typically a LLC. A Fund's Operating Partnership would be the managing member of each Property LLC and the Fund would be the managing member of the Operating Partnership. (see Chart under "Company Business Purpose").

#### **The Funds as Lenders**

The Funds may employ a part of their capital to make loans secured by senior or junior trust deeds on Properties. We would anticipate the Funds receiving base interest, plus participation interest on its loans. We anticipate that such loans would be short-term and would be used to facilitate Property acquisitions where there is no assumable debt in place at the time of purchase. Any such loan made by the Funds would be refinanced with institutional secured debt at such time as market conditions allow and subject to acceptable terms and conditions.

### Property Portfolio Objectives

We primarily intend to invest in two asset classes of Properties - hotels and apartments, although we might consider other classes of income-producing properties. We intend to acquire Properties in the United States that we believe have the potential for long-term growth and income generation. We believe that our investment thesis is supported by demographic trends affecting consumer demand for the asset classes that are the focus of our investment strategy. Competition

We believe that we will differentiate our Funds from their competitors by adhering to five basic principles:

- Diversifying risk by operating as an owner of Properties and lending to only proven operators of Properties;
- Focusing on only the quality sectors of our targeted markets;
- Employing a conservative capital structure;
- Maintaining disciplined operational and asset management; and,
- Developing each Property portfolio with manageable geographic diversification foremost in mind.

Our business plan is based on our belief that our initial Fund, USA Barcelona Realty ("USA BR"), will raise up to \$70,000,000 or more in equity capital and be leveraged at approximately 70%. We believe that, in concert with allowed leverage, this equity capital would allow USA BR to invest in twelve or more Properties. Subsequent Funds would have similar objectives but may raise more or less equity than we have planned for USA BR. We can provide no assurance that we can meet these goals. (See, "Risk Factors")

### Reserves

Fund reserves are expected to be funded in an amount equal to 4% to 5% of gross revenues for each year.

### Competitive Advantage

Property Owner Interest – We believe our Company will be able to attract owners who own Properties situated in excellent markets, to do business with our Funds and us because:

- Excellent operators with well performing apartments and hotels may want to realize profits from the sale of their mature Properties while retaining property management (under our SAM program).
- We believe that we have assembled the right people required for the acquisition, operation, and management to execute our business plan. We have assembled the core of our management team from individuals with extensive real estate and REIT experience. We intend to continue to build our management team and Advisors as we progress in our business development.
- A Fund structured as an UP-REIT could acquire a property under a tax-deferred transaction (for the seller) using equity in the REIT's Operating Company in the form of its OP Units.
- A Fund could refinance a property owner's debt by providing a new loan to take out an existing loan. In this form of loan transaction, it would be likely that the Fund would also receive a percentage of ownership in the seller's property ownership entity.
- Where a property owner has lender issues, a Fund offer could offer the owner a "price" that pays off their lender, provides cash to the owner, and offers a potential future payment opportunity for the owner, based on a "forward looking performance based earn-out." Generally, these terms would only be available in the case where the property owner qualifies to remain the property manager under our SAM program.

## MANAGEMENT & ADVISORS TO MANAGEMENT

We are a Manager managed company ("Manager Managed"). We have an Executive Committee comprised of four Executive Members appointed from among our Class A Members. Our initial Executive Members are Richard Harkins, George T. Simmons, Robert Kerrigan and Bruce Orr. The Executive Members have the exclusive right to approve all Major Decisions which approvals will be carried out by our President. Our President makes all decisions for the Company other than Major Decisions. Our President and Executive Members function as our executive officers and conduct the affairs of the Company. Our Advisors are instrumental in providing oversight and guidance to our Executive Members. The following table sets forth the names and ages of those persons who comprise our President and Advisors to the Company.

Person	Position	Age	Affiliated With the Company Since
Richard Harkins	President and Executive Member	72	May, 2009
George T. Simmons	Executive Member	73	July, 2009
Robert Kerrigan	Executive Member	75	October 2012
Bruce Orr	Executive Member	51	April, 2010
Dawn Berry	Advisor	48	June, 2010
Allen Weintraub	Advisor	51	June, 2011
Steven Gold	Advisor	71	August, 2009
Not Used	na	na	na
Not Used	na	na	na
Not Used	na	na	na
Not Used	na	na	na
Not Used	na	na	na
Not Used	na	na	na
Not Used	na	na	na

### MANAGEMENT AND ADVISORS

**Richard Harkins** – President and Executive Member - Through his leadership, Barcelona has been fostered from a concept to an operating company with a primary focus on acquiring and owning apartments and hotels. Mr. Harkins' focus is on executive management, developing business relationships with major apartment developers and franchisees of Marriott, Hilton and other top brand hotels and the capital needs of the Company. Mr. Harkins' business career began with 13 years in equity finance, land acquisition and executive management with Gulf Oil Real Estate Development Corporation and Cardinal Industries. Since 1987, he has been involved in the real estate industry in the development of high-end daily fee golf courses, and over the period 2002 through mid-2009 in the creation and executive management of Arizona Village Communities Operating Company, Inc. ("AVC"), a land acquisition and investment company.

He has been involved as the responsible executive in the acquisition of sites and the financing of over 225 limited service hotels, over 550 Apartment Communities and the assembly of over \$5 Billion dollars of public and private equity and debt capital. Mr. Harkins is a University of Alabama graduate with a degree in accounting. He served over nine years of active duty in the US Navy with specialties in radar, and related electronic warfare systems. He is proficient in the design and implementation of financial forecasting computer models and financial structures for complex organizations, including REITs. Mr. Harkins remains President of AVC, which exists in a state of inactivity, and continues to examine possible uses of AVC's loss carry forward tax asset.

**George T. Simmons** – Executive Member - He will serve as a member of the Executive Committee. Mr. Simmons is a self-employed business advisor, consultant, independent director, and private investor, with 45 years of business experience in semiconductor and electronic components industries, retail and restaurant establishments,

and real estate holding companies. His background also includes substantial international business experience. Mr. Simmons is a graduate of the University of Nebraska and completed post-graduate work at both the University of Nebraska and Arizona State University. Mr. Simmons has 22 years of executive management tenure in large corporations such as Intel, Motorola, Oki Electric (Japanese) and Daimler-Benz (German), as well as entrepreneurial experience from the co-founding of seven business enterprises between 1985 and 2005. Businesses co-founded by Mr. Simmons include two real estate holding companies, three restaurants, a small retail chain and a semiconductor manufacturing Company operating in Taiwan and mainland China. Mr. Simmons continues to maintain his original ownership position in four of these business enterprises that he co-founded; three have been sold.

**Robert Kerrigan** – Executive Member - Mr. Kerrigan will serve as an Advisor to the board of directors. Mr. Kerrigan is the President and sole shareholder of Personal Wealth Management Group, Inc and the Sole Managing Partner of Wealth Legacy Consultants, LLC, which are both based in Scottsdale, Arizona. He holds a designation of Certified Wealth Consultant. Bob is a graduate of the University of Wisconsin Oshkosh with a degree in Economics and serves on the University Foundation Board. For the past (45) years he has been active in the financial services industry both as a provider of financial services to private clients and through ownership and management of several privately held companies both in manufacturing and service distribution. He also services on several Boards of For Profit businesses and Non Profit Philanthropic organizations. He also is currently on the Advisory Board for a local hospital and a Board member of the YMCA. Bob resides in Scottsdale, Arizona and has two grown sons and four grandchildren.

**Bruce Orr** – Executive Member - Mr. Orr is currently President of Bruce Orr and Associates, LLC and is a full Partner in District Development Partners, LLC. He has a background in Corporate Finance and Commercial Banking and has been an active consultant to businesses throughout the Western U.S. for the last 22 years. He earned his MBA from Pepperdine University and was trained in banking and finance while with Wells Fargo Bank. He also has experience as a general contractor building single family homes. He has consulted for housing as well as commercial and industrial real estate developers. He has vast experience in corporate finance, including merger and acquisition, ESOP and real estate financing. Mr. Orr has spent the last six years working within hotel development. He has relationships with Hilton, Choice and Marriott Hotels. He has spent four years developing relationships in Buena Park, California, where he and District Development Partners are currently working on an expanded redevelopment of the entertainment district.

#### ADVISORS TO THE COMPANY

**Dawn Berry** – Ms. Berry is President and CEO of PHD Hospitality and Development Company. She will serve as an Advisor to the Company. Ms. Berry received a bachelor's Degree in Business Administration at the University of Stevens Point. She is a 21 year veteran of the hospitality industry, Berry's resume includes but is not limited to executive management of hotels in Focused Service, Full Service, Destination Resort hotels and Franchise Brand Management ranging from 125-2,000 guest rooms in Urban, Unionized, Suburban and Destination markets across the United States. Prior to co-founding PHD Hospitality, Berry served as Vice-President Brand Management for Hilton Hotels Corporation for the Hilton Garden Inn brand for 6 years. During that time, the brand experienced a JD Power award winning stretch for 5 of those 6 years and Berry was a contributing Member in taking the brand from 58 hotels to 310 prior to leaving the company. As hotel owners, PHD understands the importance of and has proven results in Customer Satisfaction, Profitability and overall Asset Management in maximizing investor returns.

**Allen Weintraub** - Mr. Weintraub had a long and distinguished career in the financial services industry. Over the course of 18 years he managed over \$120 million of assets for retail investment clients for Merrill Lynch, UBS, and Prudential Securities. In 2005 Mr. Allen branched out on his own, consulting with several real estate, healthcare, and technology companies to help them in their efforts to build brand and name recognition, market and raise capital. In these last six years he has raised over \$70,000,000 for private ventures in these industries. A native of Reading PA, Mr. Weintraub has spent the last 29 years, and all of his business life in metropolitan Phoenix. He has served on the board of directors of various charitable organizations. Mr. Weintraub will facilitate the fund raising, marketing, and investor relations functions for USA Barcelona Realty, Inc. He has had significant success as an employee of several companies, assisting them in raising capital and has raised over \$100,000,000 in the past three years.

**Mr. Steven Gold** – Mr. Gold is Managing Director for Hotel Financial Strategies, responsible for development of debt and equity programs, where he has been involved in over \$20 billion in real estate Financing. He will serve as an Advisor to the Company. He also has been the Chairman of the Real Estate Advisory Board at UCLA, Founder of the UCLA Hotel Conference (ALIS) and a Member of the Dean's Council of the UCLA School of Architecture and Urban Planning. He has been a director of a public REIT, as well as numerous civic and charitable organizations.

Mr. Gold has served as chairman of Center Financial and was an adjunct professor at the UCLA Business School. He specializes in the Financing of major real estate developments and originates many joint ventures for developers with institutional partners. Mr. Gold holds an MBA from UCLA.

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## RISK FACTORS

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THE INVESTMENT UNITS BEING OFFERED INVOLVE A HIGH DEGREE OF RISK. PROSPECTIVE INVESTORS, PRIOR TO MAKING AN INVESTMENT, SHOULD CAREFULLY CONSIDER THE FOLLOWING RISKS AND SPECULATIVE FACTORS INHERENT IN AND AFFECTING THE BUSINESS OF THE COMPANY AND THIS AGREEMENT.

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### Investment Risks

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- *Members will not have the benefit of reviewing our past performance.*

The Company was recently organized, has limited assets and no operating history. Company Affiliates have limited experience together covering a period of two years dating back to July 2009. As a result, Investors will not be able to review our past performance to evaluate the likelihood of our achieving our investment objectives.

- *Investment in the Company by Management and Affiliates*

Company Affiliates have loaned and invested over \$650,000 in cash and have deferred over \$1,000,000 in compensation during the 39 month period which commenced in July 2009 and led to the organization of the Company and its Affiliates. Several of our management and staff have devoted over 29 months to the fulltime undertaking of the organization of the Company and Affiliates. These loans, investments and deferred compensation by our management and Affiliates may be repaid in ensuing periods from the profits of the Company and Affiliates and such repayments may reduce amounts otherwise available for Distribution to our Class B Members.

- *The Company will rely on the management and personnel of its Affiliates.*

The management and other personnel of the Company will also be the management and personnel of Affiliates. Our management and personnel intend to devote their full business time to the Company.

Our ability to achieve our investment objectives and to make distributions to Members will depend upon our ability to execute the Company's business plan. Members must rely on the judgment of the management and personnel of the Company (who will also be employed by Affiliates) to apply the Proceeds of this Offering and manage the Company's business. Members will not have an opportunity to evaluate the qualifications of outside advisors who may provide the Company with guidance, and we cannot assure you that any such advisors engaged by the Company will render prudent advice not mitigated by the knowledge and experience of the management and personnel of the Company's President and Affiliates. The Company's future success depends in large part upon the ability of its Affiliates to hire and retain additional highly skilled managerial, operational and marketing personnel. The Company may require additional real estate, finance, operations and marketing people who have experience in the apartment and hotel industry. The Company cannot guarantee that it or its Affiliates will be successful in attracting and retaining skilled personnel. Should the Company or its Affiliates be unable to attract and retain key personnel, the ability of the Company to make prudent decisions for its Funds may be impaired.

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### Real Estate Business Risks

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- *The Company's success will be subject to its ability to accurately evaluate relevant markets.*

Until the Company has established its initial Fund and subsequent Funds, it Company will have no operational cash flow at its disposal and must depend on implementing its cash plan, which includes the employment of funds received from this Offering and possibly other financings, if applicable.

- *The Company will have numerous competitors.*

There are numerous entities engaged in the purchase of apartments and hotels, many of which have greater assets than the Company's Funds will have. The Company believes it will be able to compete favorably in this business, but cannot assure success.

- *The business will be subject to risks generally associated with Land acquisition, improvement and sales, and residential development.*

The Company will be subject to the risks generally associated with Land acquisition, entitlement, improvement and resale, including the effect on the Company of the uncertainty of cash flow to meet its obligations, including distributions to its Members. Adverse local market conditions due to changes in general or local economic conditions, regional characteristics, interest rates, changes in real estate taxes, changes in governmental rules, and other factors which are beyond our control, may affect the ability of our goals.

- *By becoming the owner of Land, the Company may become liable for unforeseen environmental obligations.*

Under applicable environmental laws, any owner of real property may be fully liable for the costs involved in cleaning up any contamination by materials hazardous to the environment. Even though the Company and its Funds might be entitled to indemnification from the person that caused the contamination, there is no assurance that the responsible person would be able to indemnify the Company and its Funds to the full extent of the Company's liability. Furthermore, the Company and its Funds would still have costs and administrative expenses for which it may not be entitled to indemnification. The Company will undertake to mitigate such risks for unforeseen environmental obligations by performing appropriate due diligence on the Properties it acquires for its Funds, including obtaining soil reports and environmental reports.

#### **Debt Financing Risks**

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- *The Company's Funds results are subject to fluctuations in interest rates and other economic conditions.*

The Company's Funds results of operations will vary with changes in interest rates and with the performance of the Funds' hotels surrounding real estate markets. A slowdown in business and vacation travel may reduce revenues to the Company's Funds resulting in reduced fees paid by the Funds to the Company and the distribution Members receive.

The Company's Funds Bank Loans will generally have interest rates tied to a reference prime rate with periodic adjustments both up and down as the prime reference rate fluctuates. To offset this risk to the Company's Funds, the Company intends to negotiate restrictive rate change terms in all Bank Loans employed by Company Funds.

- *Any borrowing by the Company may increase Members' risk and may reduce the amount of earnings available for Distributions to Members.*

The Company cannot guarantee that it will not require future bank borrowings to meet Company cash requirements and in the event that it does that it will be successful in arranging any Bank Loans or in the event the Company does, that such Bank Loans will be a positive factor in executing the Company's business plan.

Should the Company be unable to repay the indebtedness and make the interest payments on any such Bank Loans, the lender will likely declare the Company in default and require that it repay all amounts owing under the loan. Even if the Company is repaying the indebtedness in a timely manner, interest payments owing on the borrowed funds may reduce the Company's income and the distributions Members receive.

The Company may borrow funds from several sources, and the terms of any Loan may vary substantially from others. However, some lenders may require as a condition of making a loan that the lender will receive a priority on revenues received by the Company. As a result, the first revenues received by the Company may go to those lenders and that may decrease amounts available to meet the Company's other obligations, and distributions available to be made to Members.

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## Conflicts of Interest Risks

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The risk factors below describe material conflicts of interest that may arise in the course of the management and operation of the Company's business. The list of potential conflicts of interest reflects the Company's knowledge of the existing or potential conflicts of interest as of the date of this Offering. The Company cannot guarantee that no other conflicts of interest will arise in the future.

- *Affiliates will be paid fees and expenses from Company operations.*

Such payments include (See "Related Party Transactions"):

Organization Costs Reimbursement,  
Management Fee, and,  
Acquisition And Disposition Bonuses,

- *Certain compensation arrangements are non-arm's length agreements.*

The Company's Agreements and arrangements for compensating and Affiliates are not the result of arm's length negotiations.

- *Competition may exist between the Company, its Funds and other Affiliates.*

The Company's Funds and Affiliates, may engage in businesses which are or will be competitive with the Company or which have the same objectives as those of the Company. However, the Company must use its best efforts to resolve conflicts of interest with its Affiliates in the best interest of the Company.

- *Affiliates lack separate legal representation.*

The same counsel represents the Company and its Affiliates, and the Company anticipates that this multiple representation by attorneys will continue in the future.

- *Company Affiliates may own Investment Units.*

Any director or officer of the Company or any Affiliate may acquire, own, hold and dispose of Investment Units for that individual's account and may exercise any of his or her rights to the same extent and in the same manner as if he or she were not an Affiliate of the Company.

- *The Company and its Affiliates will face conflicts of interest concerning the allocation of personnel's time.*

The Company anticipates that it will engage in the business activities described in the section "The Company's Business" in this Memorandum. Although management and personnel of the Company devote their full-time efforts to the business of the Company, other Affiliates will not do so. As a result, the Company and its Affiliates may have conflicts of interest in allocating time and resources between the business of the Company and those other activities. During times of intense activity in other programs and ventures, key personnel of Affiliates may devote less time and resources to the business of the Company than required by the needs of the Company.

- *The Company's Affiliates will face conflicts of interest arising from the Company's fee structure.*

Affiliates may receive certain fees in connection with the Offering and certain fees for services performed for the Company. These fees are quantified and described in greater detail under "Fees to Managers and Affiliates" and in the compensation table contained in this Offering. The Company's interests may diverge from those of the Affiliates to the extent that the Affiliates benefit from fees that are paid by the Company.

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## Retirement Plan Risks

- *An investment in the Company may not qualify as an appropriate investment under all retirement plans.*

There are special considerations that apply to pension or profit sharing trusts or IRAs investing in our Investment Units. If Members are investing the assets of a pension, profit sharing, 401(k), Keogh or other qualified retirement plan or the assets of an IRA in the Company, Members could incur liability or subject the plan to taxation if:

- (1) the investment is not consistent with fiduciary obligations under ERISA and the Internal Revenue Code.
- (2) the investment is not made in accordance with the documents and instruments governing the plan or IRA, including the plan's investment policy.
- (3) the investment does not satisfy the prudence and diversification requirements of Sections 40(a)(1)(B) and 404(A)(1)(C) of ERISA.
- (4) the investment impairs the liquidity of the plan.
- (5) the investment produces "unrelated business taxable income" for the plan or IRA.
- (6) Members will not be able to value the assets of the plan annually in accordance with ERISA requirements.
- (7) the investment constitutes a prohibited transaction under Section 406 of ERISA or Section 4975 of the Internal Revenue Code.

## FEES TO AFFILIATES

The table below describes all the compensation, fees, reimbursement and other benefits which our Funds will pay to, or which may be realized by, USA Barcelona Realty Advisors, and Affiliates.

In addition, each Member of the senior management team and certain staff Members will provide certain services to us. For administrative convenience, these persons will all be employed by USA Barcelona Realty Advisors. From the reimbursement compensation received by USA Barcelona Realty Advisors under an Administration Agreement with a Fund, the Fund will reimburse USA Barcelona Realty Advisors for a portion of the compensation paid to its senior managers and staff, based on the amount of time they devote to activities required by the Fund.

<u>Person Receiving Compensation</u>	<u>Type of Compensation</u>	<u>Amount of Compensation</u>
USA Barcelona Realty Advisors	Commission or Fee for acquiring and selling a Fund's Properties and related acquisition and disposition expenses.	A percentage (up to 2.0%) of the gross purchase price of the Properties purchased and sold by USA BR for a Fund.
USA Barcelona Realty Advisors	Advances and reimbursements of overhead costs of USA Barcelona Realty Advisors.	Estimated to be an annual amount of .75% to 1.25% of the cost of properties acquired by a Fund, paid monthly.
USA Barcelona Realty Advisors	Reimbursement for certain deposits and costs incurred on our behalf.	Not estimable, but subject to the limits described below under "Reimbursements to USA Barcelona Realty Advisors".

### Specific Amounts of Compensation Payable to USA Barcelona Realty Advisors

Except as otherwise indicated in the above table, the specific amounts of certain compensation or reimbursement payable by a Fund to USA Barcelona Realty Advisors are not now known and generally will depend upon factors determinable only at the time of payment. Compensation payable by our Funds to USA Barcelona Realty Advisors may be shared or allocated to our Affiliates. However, compensation and reimbursements which would exceed specified limits or ceilings cannot be recovered by USA Barcelona Realty Advisors through reclassification into a different category.

## Administration Agreement between USA Barcelona Realty Advisors ("USA BRA") and its Funds

An Administration Agreement between each Fund and USA Barcelona Realty Advisors will delineate the procedures for determination of the budget and terms and conditions under which USA BRA serves the Fund and its Affiliates.

### Reimbursements to USA Barcelona Realty Advisors

USA Barcelona Realty Advisors will be reimbursed by each Fund for certain direct costs incurred on the Fund's behalf for organization, acquisition, conducting asset management of the Fund's Properties and for goods and materials used for or by the Fund and obtained from entities that are not affiliated with USA BRA, although whenever possible the Funds and USA BRA will attempt to have costs incurred on a Fund's behalf to be charged to the Fund's taxable subsidiaries, rather than charged to USA BRA and thereafter reimbursed by the Fund. Possible reimbursable costs and expenses include, but are not limited to, interest and other costs for money borrowed on a Fund's behalf, taxes on a Fund's Properties or business, fees for legal counsel and independent auditors engaged for a Fund, expenses relating to a Fund's Shareholders communications, costs of appraisals, non-refundable option payments on Property not acquired, and title insurance. These expenses also include ongoing accounting, reporting and filing obligations of a Fund that are provided to a Fund by USA BRA and payments made to third parties that are made by USA BRA on a Fund's behalf. These expenses will not include any amounts for overhead of USA BRA. In addition, there will be no "mark-up" of these expenses by either of these entities. Operating expenses reimbursable to USA BRA are subject to the overall limitation on operating expenses stipulated in the Advisory Agreement.

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### PLAN OF DISTRIBUTION

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The Company is offering the Investment Units directly through Members of management on the terms and conditions set forth in this Memorandum. No commissions or other remuneration will be paid in connection with the sale of Investment Units directly by the Company. Fees of up to 4% in selling fees (up to \$40,000) and up to an additional 1% in due diligence fees (up to \$10,000) may be paid by the Company on Investment Units sold in this Offering where sales are made through Members of the Financial Industry Regulatory Authority, Inc. ("FINRA"), Registered Investment Advisors and others subject to applicable Arizona state securities laws.

Sales commissions on Unit sales will be paid from Offering Proceeds at the time Proceeds are received by the Company. Up to \$50,000 of the Proceeds raised from the Offering may be reimbursed to our management for time and expenses incurred in the organization of the Company. An additional \$30,000 will be used to pay expenses to third party professionals for expenses relating to the organization of the Company and conducting this Offering including, among other expenses, printing and mailing, legal and accounting fees. After deduction of those expenses, all other Proceeds will be used by the Company to pursue the business plan outlined in this Memorandum. The Company is Offering the Investment Units on a "best efforts" basis. (see "Planned Use Of Proceeds" on the Cover Page).

There is no minimum Offering amount, and the Company will have the use of all sales Proceeds as they are received. We cannot assure that all or any of the Investment Units offered will be sold.

The Company is offering Accredited Investors an opportunity to purchase an aggregate of \$1,000,000 of Investment Units comprised of four (4) Investment Units, each of which is comprised of one Series A 12-6-12 Note and one Class B Unit. Purchasers must purchase a minimum of one Investment Unit at \$250,000, which comprises one Series A 12-6-12 Note and one Class B Unit, except that we may permit investments of a lesser amount in our discretion.

We expect to terminate the Offering when all of the Investment Units offered by this Memorandum have been sold or 120 days from the date of this Memorandum (whichever occurs sooner), unless extended by us for up to an additional 180 days, in order to achieve the maximum Offering of four (4) Investment Units.

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## FEDERAL TAX CONSIDERATIONS

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Investors must look to their own tax advisors regarding the tax implications inherent in investment in the Company, the income or deductions generated by the Company and allocated to its Unit-holders, and the impact of owning Investment Units comprised of Series A 12-6-12 Notes and Class B Member Units will have on their personal tax situations.

This Memorandum does not include tax advice and is not intended as a substitute for careful tax planning. Each prospective purchaser of Investment Units is advised to consult with his or her own tax advisor regarding the specific tax consequences to him or her of the purchase, ownership and disposition of Investment Units comprised of Series A 12-6-12 Notes and Class B Member Units in an entity electing to be taxed as a limited liability company, including the United States federal, state, local, foreign and other tax consequences of the purchase, ownership, and disposition of Investment B Units and of potential changes in applicable tax laws.

This Memorandum does not discuss the various aspects of federal income taxation that may be relevant to a particular Unit-holder in light of his personal investment circumstances or to certain types of Investment Units subject to special treatment under the Code (for example, insurance companies, banks, dealers in securities, foreign persons and tax-exempt organizations) and does not discuss any aspects of state, local, or foreign tax laws which may be applicable to a Unit-holder. Accordingly, a prospective Unit-holder is urged to consult his or its own tax advisors regarding an investment in the Company and its consequences.

The tax consequences of holding Series A 12-6-12 Notes and Class B Member Units will depend, in part, on each Unit-holder's financial and tax circumstances. You must determine whether the tax implications of this investment would be appropriate for you as a Unit-holder. Accordingly, each prospective Unit-holder must consult with his or her own tax advisor concerning the effects of the tax laws on an investment in the Company.

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## SALES LITERATURE

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The Offering is made only by means of this Memorandum. We have not authorized the use of any other supplemental literature in connection with the Offering.

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## REPORTS TO INVESTORS

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Financial information contained in all reports to Investors will be prepared in accordance with generally accepted accounting principles. An annual report, which will contain audited financial statements, will be furnished within 120 days following the close of each fiscal year commencing with year ending December 31, 2014. The annual report will contain a complete statement of compensation and fees paid or accrued by us to USA Barcelona Realty Advisors, together with a description of any new agreements. We also intend to send to our Investors quarterly reports after the end of the first three calendar quarters of each year. Quarterly reports will include unaudited financial statements prepared in accordance with generally accepted accounting principles. Under applicable law our Investors also have the right to obtain other information about the Company.

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## FINANCIAL STATEMENTS

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The unaudited Financial Statements for USA Barcelona Realty Advisors, LLC at December 31, 2012, which have been prepared by management, is set forth as Exhibit C. The Company is a start-up entity, and does not yet have financial statements that have been compiled, reviewed or audited by independent accountants. We intend to have reviewed annual financial statements ("Reviewed Statements") commencing with the year ending December 31, 2013.

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## TERMS OF THE OFFERING

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The Company's Operating Agreement authorizes the Company to issue and sell up to \$1,000,000 of Investment Units. (see "Exhibit B, Operating Agreement.") We expect to terminate the Offering when all of the Investment Units offered by this Memorandum have been sold or 120 days from the date of this Memorandum (whichever occurs sooner), unless extended by us for up to an additional 180 days ("Offering Period"), in order to achieve the maximum Offering of 4 Investment Units or such lesser amount as we may elect.

Fees of up to 4% in Selling Fees may be paid by the Company and up to an additional 1% in due diligence fees may be paid by the Company's President on Investment Units sold in this Offering where sales are made through Members of the National Association Of Securities Dealers, Inc, registered investment advisors and others subject to applicable state securities laws of the states in which the Units are being offered. The Company's estimation of its allocation of the net Proceeds of this Offering is based upon the current and projected state of its business operations, its projected plans and current economic and industry conditions, and is subject to a reapportionment of Proceeds. The maximum sales commissions are included in the table on page 2. Sales commissions on Unit sales will be paid from Offering Proceeds at the time sales Proceeds are qualified to be used by the Company. Additionally, regarding purchases of Investment Units by IRA's, the Company will pay a one-time fee to the associated IRA Custodian of up to \$500, which payment will be deducted from any commission and expenses otherwise due on the sale of the associated Investment Unit(s). The Units sold under the Offering will be offered directly by Members of the Company, for which no commission will be paid, and may be offered through Members of Financial Industry Regulatory Authority ("FINRA"), registered investment advisors and others, subject to applicable state securities laws of the State of Arizona, to qualified investors meeting Accredited Investor standards as defined in Rule 501(a) of Regulation D. The Company's estimation of its allocation of the net Proceeds of this Offering is based upon the current and projected state of its business operation, its projected plans and current economic and industry conditions, and is subject to a reapportionment of Proceeds. Executive Members of the Company and Affiliates may be paid a fee ("Organization Period Reimbursement Payments") in the aggregate amount of \$50,000 payable from Offering Proceeds.

Offering expenses, in addition to selling expenses, of up to 3.0% of gross Offering Proceeds will be expended for material and services related to the creation, duplication and distribution of the Offering documents, and legal expenses. Investment Unit Capital may be used by the Company for (i) meeting the Company's requirements, (ii) establishing operating reserves; and, (iii) any other use authorized in the Operating Agreement. ("Exhibit B - Operating Agreement").

### Restrictions on Transferability

There will be no public market for the Investment Units, and there will be significant restrictions on the transferability of the Units. The Investment Units have not been registered under the Securities Act or the laws of any other jurisdiction and cannot be sold or otherwise transferred by investors unless they are subsequently registered under applicable law or an exemption from registration is available. The Company is not obligated to register the Investment Units and is not required to register them or to make any exemptions from registration available.

The Series A 12-6-12 Note will not be separately tradable from the Class B Unit that together comprises each Investment Unit.

The Investor Questionnaire and Subscription Agreement contains substantial restrictions on the transferability of the Investment Units. No transfer of Investment Units may be made without the transferor furnishing the Company with an opinion of counsel, satisfactory to the Company, that the transfer is exempt from the registration requirements of applicable securities laws. Documents representing the Investment Units will bear legends required by the State Of Arizona, as follows:

THE INVESTMENT UNITS OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), UNDER THE ARIZONA SECURITIES ACT, OR UNDER ANY OTHER STATE SECURITIES ACT IN RELIANCE UPON EXEMPTIONS FOR TRANSACTIONS NOT INVOLVING A PUBLIC OFFERING.

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## SUBSCRIBER INFORMATION AND QUALIFICATIONS

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Any qualified Offeree who wishes to purchase any of the offered Investment Units should deliver the following items to the Company:

One executed copy of the Investor Questionnaire and Subscription Agreement (Exhibit "A"), with all blanks properly completed; and purchase of a minimum of \$250,000 of Investment Units (One Investment Unit), or in such other amount as approved by the Company, by payment of the applicable purchase price made payable to "USA Barcelona Realty Advisors, LLC"; and, as stipulated in the instructions located in the Subscription Instructions for Investment Units, contained in Exhibit A..

Tender of the purchase price and the Investor Questionnaire and Subscription Agreement shall be made to the Company. Upon acceptance by the Company, subscribers for the Investment Units will be admitted to the Company as Class B Members.

### Additional Information

This Memorandum has been prepared from information available to the Company. The summaries of, and references to, various documents in this Memorandum do not purport to be complete, and in each instance reference should be made to the copy of such documents which is either an exhibit to this Memorandum of which will be made available to Offerees and their professional advisors upon request.

During the course of the Offering, representatives of the President will answer questions from, and provide information to, Offerees and their professional advisors concerning the Company and the terms and conditions of the Offering and will, on request, make available additional information, to the extent the Company possesses such information or can acquire it without unreasonable effort or expense, which is necessary to verify the accuracy of the information contained in this Memorandum or which an Offeree or his professional advisors desire in evaluating the merits and risks of an investment in the Securities.

Prospective Investors and their representatives and agents are specifically invited and encouraged to:

- examine all books and records of the Company;
- review the Operating Agreement (attached hereto as Exhibit B);
- ask questions of representatives of the President of the Company material to this investment;
- seek any other information from the President of the Company material to this investment which is in the possession or is reasonably available to the President;

Prospective Investors should retain their own professional advisors to review and evaluate the economic, tax and other consequences of ownership of the Investment Units, and are not to construe the contents of this Memorandum, or any other information furnished by the Company, as investment, tax or legal advice.

The Company's estimation of its allocation of the net Proceeds of this Offering is based upon the current and projected state of its business operations, its projected plans and current economic and industry conditions, and is subject to a reapportionment of Proceeds. The Company's projected use of the Proceeds from this Offering is described in the Cover Page. As allowed by the Operating Agreement, the Company may attempt to raise additional capital if the need arises.

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## HOW TO SUBSCRIBE

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Any qualified Offeree who wishes to purchase Securities shall deliver the following items to the Company:

**Investment Units** -- make check payable to **USA Barcelona Realty Advisors**.

1. **Investor Questionnaire and Subscription Agreement** - completed and signed Investment Unit Investor Questionnaire and Subscription Agreement;
2. **Payment for Investment Unit(s)** in a minimum amount of \$250,000. Each \$250,000 purchase (One Investment Unit) entitles purchaser to receive 25.0% of the Investment Units offered in the Offering.

**Deliver to:**

USA Barcelona Realty Advisors, LLC

7025 N. Scottsdale Road, Suite 160

Scottsdale, AZ 85253

**480-625-4355**

**ACC000762**  
**FILE #8503**



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## DEFINED TERMS

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"Accredited Investor" means an investor must meet certain qualifications within the meaning of Rule 501 of Regulation D, promulgated under the ACT, as amended, and applicable state law, and as follows:

- Any entity in which all of the equity owners are "Accredited Investors" (Entity Test); or
- Any natural person who had an individual income in excess of \$200,000 (or joint income with that person's spouse in excess of \$300,000) in each of the two most recent years, and has a reasonable expectation of reaching the same income level in the current year (Income Test); or
- Any natural person whose individual net worth, or joint net worth with that person's spouse, less the value of the personal residence, at the time of his purchase exceeds \$1,000,000 (Net Worth Test); or
- Any trust with total assets in excess of \$5,000,000 not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a "sophisticate person" within the meaning of Rule 506(b)(2)(ii) of Regulation D (Trust Test); or

Other entities may qualify as Accredited Investors.

"ACT" means the Arizona Limited Liability Company Act, as the same may be amended from time to time.

"Additional Capital Contributions" means any Capital Contributions to the Company other than an Initial Capital Contributions made pursuant to Section 2.1.

"Administration Agreement" means the agreement between a Fund and USA Barcelona Realty Advisors calling for USA Barcelona Realty Advisors to provide management services for the Fund and other Fund Affiliates.

"Advisors" mean those individuals described herein in the section: Management & Advisors to the Company.

"Advisory Agreement" means the contract between the Company and an Affiliate which delineates the duties of the Company and the Company's compensation arrangements with the Affiliate.

"Affiliate" of any specified Person means (i) any Person directly or indirectly controlling, controlled by or under common control with another Person, (ii) any Person owning or controlling 12% or more of the outstanding voting securities of such other Person, (iii) any officer, director, partner of such Person, and (iv) if such other Person is an officer, director or partner, any Company for which such Person acts in any such capacity. For the purposes of this definition, "control" when used with respect to any specified person means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agreed Value" Refer to the Appendix to Exhibit B of the Operating Agreement for definition.

"All Cash" means a purchase of a Hotel where no debt is employed.

"Amendment Date" means the date on the cover page of this Memorandum.

"Bankruptcy Remote Entity" is a term that describes the relative position of one company as it relates to bankruptcy vis-à-vis others within a corporate group, whereby the insolvency of the bankruptcy remote entity has as little economic impact as possible on other entities within the group. A bankruptcy remote entity is often a single-purpose entity. Commercial mortgage loans often require that the properties financed be placed in special limited liability companies or corporations which are bankruptcy remote from their owners, to allow the lender to seize the property in the event of loan payment failures and not be stopped by the owner's filing bankruptcy.

"C Corporation" means a Chapter C corporation in the IRS code and merely refers to a regular, state-formed corporation. A corporation is owned by shareholders and is managed and controlled by the board of directors who elect the president and are responsible for the management and policy decisions of the corporation. The dealings of the corporation are carried out by the officers and employees of the corporation under the authority delegated by the directors of the corporation.

"CAPEX" means reserves set aside for Property improvements, either (i) discretionary on the part of Property owner, or (ii) a standard requirement within a franchise agreement.

"Capital Contribution" means the total amount of cash and the Agreed Value of property contributed to the capital of the Company as an Initial Capital Contribution or an Additional Capital Contribution net of the liabilities secured by such contributed property that the Company is considered to assume or take subject to under Code §752.

"Capital Distribution Event" means an event that will occur from time to time in our business if and when we dispose of one or more of our Fund's assets. We expect that from time to time when we believe that a Fund can realize the best return on its investments, we will sell Properties, assign leases, and sell Fund Properties to others. We anticipate that we will cause the selling Fund to distribute the net proceeds from these transactions to Fund equity-holders.

"Cause" means something that precedes and brings about an effect or a result. A reason for an action or condition. A ground of a legal action. An agent that brings something about. That which in some manner is accountable for a condition that brings about an effect or that produces a cause for the resultant action or state.

"Class A Units" means the 2,000 Class A Units authorized in the Company's Operating Agreement.

"Class B Units" means the 4 Class B Units offered in concert with 4 Series A 12-6-12 Notes, together comprising the 4 Investment Units offered under the Offering, as authorized in the Company's Operating Agreement.

"Code" means the Internal Revenue Code of 1986 (or any successor), as amended from time to time.

"Company" means USA Barcelona Realty Advisors, LLC.

"Operating Agreement" means the Company Operating Agreement, (see Exhibit A, "Operating Agreement").

"Company Budget" means the budget approved from time to time by the Executive Committee.

"Credited Capital" means the Agreed Value credited to a Class A Member's Capital Account in consideration of time, talent and resources provided to the Company in its Pre-Formation and Post-Formation stages for which no cash compensation was paid.

"Cumulative Priority Distribution" means the right of each Class B Member Unit to receive an annual Priority Distribution of \$12,500 payable of 12/31 of each year commencing on 12/31/2013 and as payable at the discretion of the Company and to receive any such Distributions not made in prior periods and the applicable current period prior to any other Class of Member receiving any Distribution.

"Debt" and "Debt Financing" means loans made by banks or other institutions secured by a lien on a Property.

"Debt Service" means the periodic scheduled payment on debt.

"Distribution" means the cash payments made to Unit-holders.

"Effective Date" has the meaning set forth in Section 1.1.

"ERISA" means Employee Retirement Income Security Act.

"Exchange Act" means the Securities Act of 1934. "Properties" means Properties acquired by the Company for a Fund.

"Executive Members" mean Richard Harkins, George T. Simmons, Robert J. Kerrigan and Bruce Orr.

"Exempt Offering" means a securities offering that does not require a registration statement to be filed with the SEC.

"Financing" means any form of capital employed in the purchase of a Fund's Property.

"FINRA" means Financial Industry Regulatory Authority.

"Founder Class A Members" mean Richard Harkins and George T. Simmons.

"Good REIT Income" means the form of income, received by a REIT from an Affiliate, takes the same form as received by the Affiliate for purposes of satisfying the 75% and 95% income tests.

"Hotel Portfolio" means all of the hotels owned directly by a Fund.

"Hotels" means hotels acquired for a Fund and owned by a Fund(s).

"Initial President" means the Company's first appointed President as appointed by the Executive Committee as of the Effective Date.

"Investment Units" means one of four (4) \$250,000 units wherein each unit is comprised of one Series A 12-6-12 Note and one Class B Unit.

"Investment Unit Subscription" means the Investor Questionnaire and Subscription Agreement that is attached to the Memorandum as Exhibit A and is titled "Investor Qualifications and Subscription Agreement".

"IPO" means initial public offering.

"Leverage" has the same meaning as Debt.

"Liquidation Distributions" means Distributions made to Company shareholders at the time of Liquidation of the Company.

"LLC" means Limited Liability Company.

"LLC Units" mean the Class A Units and the Class B Units of the Company.

"Loans" mean loans made by the Company to a Fund during the organization stages of a Fund.

"Manager Managed" means in manager managed LLC, the members, by virtue of being members, do not have authority to manage and operate the business of the limited liability company. Instead, the members elect a President and it is the President who has this authority. Our Operating Agreement has specific rules and processes for the President to follow when managing the LLC. The President has a duty to act in the best interests of the Company.

"Materials" means the Memorandum.

"Maximum Offering" means the \$1,000,000 of Investment Units offered under the Offering.

"Members" mean the Class A Members and the Class B Members of the Company.

"Memorandum" means this Offering Memorandum.

"Minimum Offering" means an amount of an offering that must be sold before the company making the offering can use the Offering Proceeds.

"Net Cash Flow" means the gross cash proceeds from Company operations from whatever source derived, including without limitation gross cash proceeds from the sale, exchange, or other disposition, or refinancing of Company Assets either in or outside the ordinary course of Company business, reduced by such other amounts determined by the Member to be used to pay, or establish reserves for, any other Company expenses, principal and interest payments on Company indebtedness including without limitation, working capital loans but not including Member Loans, capital improvements, replacements, and contingencies, and increased by any reductions of previously established reserves reasonably determined by the Member to no longer need to be held in reserve and to be available for distribution.

"Net Income and Net Loss" of the Company or items thereof shall, for each Company Year or other relevant period of the Company, be an amount equal to the Company's taxable income or loss for such period, as determined for federal income tax purposes in accordance with the accounting method followed by the Company and in accordance with Code §703, and for this purpose, all items of income, gain, loss or deduction required to be separately stated pursuant to Code §703(a)(1) shall be included in taxable income or loss, subject to the following modifications:

- a. Any income of the Company that is exempt from federal income tax, including without limitation, interest income which is exempt from tax under Code §103, and the proceeds of insurance policies which are exempt from income under Code §101, and not otherwise taken into account in computing Net Income and Net Loss pursuant to this definition, shall be added to such taxable income or loss;
- b. Any expenditures of the Company described in Code §705(a)(2)(B), including without limitation, expenses and interest to which Code §265 applies, and insurance premiums which are nondeductible pursuant to Code §264 or treated as Code §705(a)(2)(B) expenditures pursuant to Regulations §1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Net Income or Net Loss pursuant to this definition, including without limitation, syndication expenses, shall be subtracted from such taxable income or loss; and
- c. If the Agreed Value of any Company Asset differs from its adjusted tax basis for federal income tax purposes, Net Income and Net Loss of the Company shall be determined in conformity with this Agreement and applicable Treasury Regulations, by reference to the Depreciation deductions, if any, allowable with respect to such Company Asset, and by the gain or loss attributable to such asset as computed by reference to such Company Asset's Agreed Value and not, if different, by reference to such Company Asset's adjusted tax basis.

"Note Term Date" means the date the principal of the Series A 12-6-12 Notes is due, which date is December 31, 2014.

"Offering" means the 4 Investment Units offered at \$250,000 per Investment Unit.

"Offering Effective Date" means that date which is on the front cover of the Memorandum.

"Offering Period" means that period during which the Investment Units may be offered for sale which is 120 days from the Amendment Date plus an additional 180 days if so determined by the Company.

"Operating Company" means a REIT subsidiary setup to own, or its Affiliates to own, properties.

"Organization Period Reimbursement Payments" means a payment payable to Executive Committee Members and Affiliates which may be paid from Offering Proceeds in the aggregate amount of \$50,000.

"Portfolio Hotel" means a hotel owned by a Fund.

"Post-Formation Period" means the period following the Company's filing of its Articles of Formation which date was November 12, 2010.

"Pre-Formation Period" means that period commencing July 1, 2009 and up to the date the Company filed its formation documents with the State of Arizona which date was November 12, 2010.

"President" means the President of the Company as elected by a majority vote of the Executive Members that are in good standing with the Company.

"Proceeds" means funds raised under the Offering.

"Pro Rata" means, as used herein, an equal amount per Unit within a Class of Units.

"Property LLC" means an LLC that owns one Property.

"Purchasers" mean investors who purchase Investment Units.

"Regulations" mean the regulations promulgated by the Department of the Treasury under the Code. Where followed by the symbol "§," such reference shall be to the particular section of the Regulations promulgated under the Code. Where preceded by the symbol "§" and a Code number, such reference shall be to the Regulations promulgated under that particular section of the Code.

"REIT" means Real Estate Investment Trust.

"Reviewed Statements" means a Certified Public Accountant (CPA) conducting the work necessary to obtain a reasonable basis for expressing limited assurance that the financial statements meet the requirements of the US GAAP and are free of material misstatements or false/missing information.

"Roll-Up" means the combination of two or more legal entities into one legal entity.

"Roll-Up IPO" means a public offering of a company's securities conducted to finance a Roll-Up.

"SAM" means Strategic Alliance Manager.

"Securities" mean the Investment Units.

"Securities Offering" means the financial statements resulting from a securities offering that is either (i) exempt from federal registration with the Securities and Exchange Commission and State Securities Commissions, or, (ii) is registered with the Securities and Exchange Commission and/or one or more State Securities Commissions.

"Series A 12-6-12 Note(s)" means the 4 Notes, each in the face amount of \$250,000, that in concert with 4 Class B Member Units, comprise the 4 Investment Units offered under the Offering. The features are:

- Base Interest based on a 12.0% Annual Rate Of Return paid quarterly commencing 3-31-2013.
- Year 1 Bonus Interest is a one-time payment in the amount of 6.0% of the Note amount and is due 12-31-2013.
- Year 2 Bonus Interest is a one-time payment in the amount of 12.0% of the Note amount and is due 12-31-2014.
- Original Face Amount of \$250,000 is due on the Series A 12-6-12 Note Term of 12/31/2014.

"Subscription Agreement" means when an Investment Unit Subscription is accepted by the Company and the Unit-holder's signature is affixed to the Company Articles of Organization.

"Subscription Agreement" and "Investor Questionnaire and Subscription Agreement" means the agreement under which an investor subscribes to acquire the Company's Investment Units.

"Syndicated Investor Class" means the investor(s) who acquire a Fund's securities.

"TRS" means taxable Real Estate Investment Trust (REIT) subsidiary.

"UBTI" means Unrelated Business Taxable Income.

"Unit" and "Units" means a stated increment of value of equity ownership of a company; for the Company, means Units of Class A Member Interest and Class B Member interest.

"Unit-holders" means the holder of any Class A and Class B Units.

"USA Barcelona Realty Advisors" and "USA BRA" means USA Barcelona Realty Advisors, LLC.

"USA BR" means USA Barcelona Realty.

"USA BR OP" means USA Barcelona Realty Operating Partnership.

"USA BR Residential" means USA Barcelona Realty Residential.

"USA BR Hospitality" means USA Barcelona Realty Hospitality.

"USA BR JV and Partnerships" means USA Barcelona Realty JV and Partnerships.

"USA BR TRS" means USA Barcelona Realty Taxable REIT Subsidiary.

"Vendors" means suppliers, attorneys, accountants and other who provide services to the Company.

"Working Capital" means the cash reserves of the Company.

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**ADDITIONAL INFORMATION**

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Prospective Investors may review any materials available to the President relating to the Company, proposed Company operations, and any other relevant matters. You may examine all materials at the office of the Company during normal business hours after reasonable prior notice. You may ask questions and receive answers from Richard Harkins, George T. Simmons, Robert Kerrigan or Bruce Orr concerning the terms and conditions of the Company, and they will obtain any additional information to the extent that the Company possesses such information, or can acquire it without unreasonable effort or expense.

**To request specific additional information, please contact:**

**Richard Harkins**

USA Barcelona Realty Advisors, LLC

7025 N. Scottsdale Road, Suite 160

Scottsdale, Arizona 85253

Phone: 480-625-4355 (for Offering information)

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**USA BARCELONA REALTY ADVISORS, L.L.C.**

**\$1,000,000 OF INVESTMENT UNITS**

**Offered in Four (4) Investment Units at \$250,000 per Investment Unit**

This is copy no. \_\_\_\_\_ of the Private Placement Memorandum dated October 18, 2012 and 1<sup>st</sup> Amended February 1, 2013 and 2<sup>nd</sup> Amended April 29, 2013.

**INSTRUCTIONS FOR COMPLETING SUBSCRIPTION DOCUMENTS**

The following Subscription Documents are for the use of Investors interested in subscribing for Investment Units ("Investment Units") of USA Barcelona Realty Advisors L.L.C. (the "Company"). Prospective Investors should do all of the following:

Check as each step is completed

1. **COMPLETE** the Investor Questionnaire and Subscription Agreement, as follows:

\_\_\_\_\_ A. CHECK the appropriate Accredited Investor category on page \_\_\_\_ and the "Purchaser Representative" question in Paragraph 2(c).

\_\_\_\_\_ B. COMPLETE all information on pages \_\_\_\_ and \_\_\_\_, including the total principal amount of Investment Units being purchased, and the Purchaser's name, address and social security or tax identification number as they should be reflected on the Company's records.

\_\_\_\_\_ C. INITIAL EACH PAGE of the Investor Questionnaire and Subscription Agreement with the same instrument. Your initials reflect the fact that you have read and understand the Investment Units Investor Questionnaire and Subscription Agreement, particularly the Representations and Warranties in Paragraph 2.

\_\_\_\_\_ D. DATE and SIGN the Investor Questionnaire and Subscription Agreement on page \_\_\_\_.  
If Investment Units will be registered in joint ownership, such as husband and wife, both must sign.

- \_\_\_\_\_ 2. **DELIVER** all documents TOGETHER WITH PAYMENT by a certified, cashier's check made payable to USA BARCELONA REALTY ADVISORS in the amount of the cash purchase price for INVESTMENT UNITS being purchased, to:

USA Barcelona Realty Advisors, LLC.  
Attention: Offering Administration  
7025 N. Scottsdale Road, Suite 160  
Scottsdale, Arizona 85253  
Company telephone number is 480-625-4355

3. **YOU WILL RECEIVE:** Upon acceptance of your Investor Questionnaire and Subscription Agreement by the Company, you will receive the following:

- (i) An executed Series A 12-6-12 Note from the Company in the amount of \$ \_\_\_\_\_;
- (ii) A copy of your accepted **Investor Questionnaire and Subscription Agreement** which evidences your ownership of \_\_\_\_\_ Class B Unit(s).

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EXHIBIT A - INVESTOR QUESTIONNAIRE AND SUBSCRIPTION AGREEMENT

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USA BARCELONA REALTY ADVISORS, L.L.C.

INVESTMENT UNIT  
INVESTOR QUESTIONNAIRE AND SUBSCRIPTION AGREEMENT

USA Barcelona Realty Advisors, L.L.C.  
7025 N. Scottsdale Road, Suite 160  
Scottsdale, Arizona 85253

Purchaser:

You have informed the undersigned (the "Purchaser") that USA BARCELONA REALTY ADVISORS, L.L.C., an Arizona limited liability company (the "Company") wishes to raise up to One Million Dollars (\$1,000,000) from various persons such as me by selling \$1,000,000 in principal amount of its Investment Units at par in an offering which is designed to comply with Rule 506 of Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act").

I have received, read and understand the materials delivered to me relative to the Company and its business (the "Materials"). I further understand that my rights and responsibilities as a Purchaser will be governed by the terms of this **Investor Questionnaire and Subscription Agreement** and the Offering (collectively, the "Offering"). I understand that you will rely on the following information to confirm that I am an "accredited investor" as defined in Regulation D, and that I am qualified to be a Purchaser. **INVESTMENT UNITS WILL BE OFFERED AND SOLD ONLY TO ACCREDITED INVESTORS.**

**THE INVESTMENT UNITS MAY BE OFFERED AND SOLD BY THE ISSUER ONLY TO ACCREDITED INVESTORS AS DEFINED IN THE SECURITIES ACT. THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR THE ARIZONA CORPORATION COMMISSION, NOR HAVE THEY PASSED UPON THE MERITS OF OR OTHERWISE APPROVED THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

This Investor Questionnaire and Subscription is one of a number of such subscriptions for Investment Units. By signing this **Investor Questionnaire and Subscription Agreement**, I offer to purchase from the Company the principal amount of Investment Units set forth below on the terms specified herein. The Company reserves the right, in its complete discretion, to reject any subscription offer. If my offer is accepted, the Company will execute a copy of this Investor Questionnaire and Subscription Agreement and return it to me.

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1. Accredited Investor. I am an Accredited Investor because I fall within one of the following categories:

Check one or more of the following:

- ☐ \$1,000,000 Net Worth  
A natural person, whose individual net worth or joint net worth with that person's spouse, exclusive of the value of personal residence, exceeds \$1,000,000.
- ☐ \$200,000/\$300,000 Income  
A natural person who had an individual income in excess of \$200,000 (including contributions to qualified employee benefit plans) or joint income with such person's spouse in excess of \$300,000 in each of the two most recent years and who reasonably expects to attain the same individual or joint levels of income (including such contributions) in the current year.
- ☐ President of Issuer  
Any Executive Member of the Company
- ☐ All Equity Owners In Entity Are Accredited  
An entity (i.e. corporation, partnership, trust, IRA, etc.) in which all of the equity owners are Accredited Investors as defined herein.
- ☐ Corporation  
A corporation not formed for the specific purpose of acquiring the Investment Units offered, with total assets in excess of \$5,000,000.
- ☐ Other Accredited Investor  
Any natural person or entity which qualifies as an accredited investor pursuant to Rule 501(a) of Regulation D promulgated under the Act; specify basis for qualification:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. Representations and Warranties. I represent and warrant to the Company that:

(a) I (i) have adequate means of providing for my current needs and possible contingencies, and I have no need for liquidity of my investment in the Investment Units, (ii) can bear the economic risk of losing the entire amount of my investment in Investment Units, and (iii) have such knowledge and experience that I am capable of evaluating the relative risks and merits of this investment.

(b) The address set forth below is my correct residence, and I have no present intention of becoming a resident of any other state or jurisdiction.

(c) I have \_\_\_\_, have not \_\_\_\_, utilized the services of a "Purchaser Representative" (as defined in Regulation D promulgated under the Securities Act).

(d) I have received and read, and am familiar with the Offering Memorandum. All documents, records and books pertaining to the Company and the Investment Units requested by me, including all pertinent records of the Company, financial and otherwise, have been made available or delivered to me.

(e) I have had an opportunity to ask questions of and receive answers from the Company's President and its representatives concerning the Company's affairs generally and the terms and conditions of my proposed investment in the Investment Units.

(f) I understand the risks implicit in the business of the Company. Among other things, I understand that the Company was recently formed to act as the Advisor to one or more REIT's and/or Funds. The Company

has a limited history of operations, and there can be no assurance that the Company will be successful in obtaining adequate funds or establishing profitable operations. If any principal amount of Investment Units is sold, the Company will have immediate use of my funds, and Proceeds of this offering may not be sufficient for the Company's long-term needs.

(g) I further understand that the Company's sole business will be to act as the Advisor to one or more REIT's and/or Funds, and that the Company's business involves substantial risks, including those set forth under "Risk Factors" in the Offering.

(h) Other than as set forth in the Offering, no person or entity has made any representation or warranty whatsoever with respect to any matter or thing concerning the Company and this Offering and I am purchasing the Investment Units based solely upon my own investigation and evaluation.

(i) I understand that no Investment Units have been registered under the Securities Act, nor have they been registered pursuant to the provisions of the securities or other laws of applicable jurisdictions. Unless my Investment Units are registered under the Act or the Securities Exchange Act of 1933, I may re-offer or resell my Investment Units only to Accredited Investors or pursuant to an exemption from registration.

(j) The Investment Units for which I subscribe are being acquired solely for my own account, for investment and are not being purchased with a view to or for their resale or distribution. In order to induce the Company to sell Investment Units to me, the Company will have no obligation to recognize the ownership, beneficial or otherwise, of the Investment Units by anyone but me.

(k) I am aware of the following:

(i) The Investment Units are a speculative investment that involves a high degree of risk;

(ii) My interest in the Investment Units is not readily transferable; it may not be possible for me to liquidate my investment;

(iii) No financial statements of the Company have been compiled, reviewed or audited by independent certified public accountants, but have merely been prepared by management of the Company; and

(iv) No federal or state agency has made any finding or determination as to the fairness of the Investment Units for investment nor any recommendation or endorsement of the Investment Units.

(l) Except as set forth in the Offering, no person has ever represented, guaranteed, or warranted to me expressly or by implication, the approximate or exact length of time that I will be required to hold the Investment Units.

(m) I agree to indemnify the Company, and hold the Company harmless from and against any and all liability, damage, cost or expense incurred on account of or arising out of:

(i) Any inaccuracy in the declarations, representations, and warranties set forth above;

(ii) Any disposition of any of the Investment Units by me which is contrary to the foregoing declarations, representations and warranties; and

(iii) Any action, suit or proceeding based upon (A) the claim that such declarations, representations, or warranties were inaccurate or misleading or otherwise cause for obtaining damages or redress from the Company; or (B) the disposition of any of the Investment Units.

The foregoing representations and warranties are true as of the date hereof, shall be true and accurate as of the date of the delivery of the funds to the Company and shall survive such delivery. If, in any respect, such representations and warranties are not true and accurate prior to delivery of the funds, I will give written notice of that fact to the Company, specifying which representations and warranties are not true and accurate and the reasons therefore.

3. Transferability. I understand that I may sell or otherwise transfer my Investment Units only: (a) in

compliance with paragraph E of Rule 140; (b) if registered under the Securities Act; or (c) with the favorable opinion of counsel to the Company to the effect that such sale or other transfer may be made in the absence of registration under the Securities Act. I have no right to cause the Company to register the Investment Units. Any certificates or other documents representing my Investment Units will be contain a restrictive legend reflecting this restriction as set forth in the bold legend on the first page of this **Investor Questionnaire and Subscription Agreement**, and stop transfer instructions will apply to my Investment Units.

4. Indemnification. I understand the meaning and legal consequences of the representations and warranties contained in Paragraph 2 above, and I will indemnify and hold harmless the Company, its officers, directors and representatives involved in the offer or sale of the Investment Units to me, as well as each of the managers and representatives, employees and agents and other controlling persons of each of them, from and against any and all loss, damage or liability due to or arising out of a breach of any representation or warranty of mine contained in this Investor Questionnaire and Subscription Agreement.

5. No Revocation. I will not cancel, terminate or revoke this **Investor Questionnaire and Subscription Agreement**, and this **Investor Questionnaire and Subscription Agreement** shall survive my death or disability.

6. Termination of Subscription Agreement. If this subscription is rejected by the Company, then this **Investor Questionnaire and Subscription Agreement** shall be null and void, no party shall have any rights against any other party hereunder, and the Company shall promptly return to me the funds delivered with this **Investor Questionnaire and Subscription Agreement**.

7. Miscellaneous.

(a) This **Investor Questionnaire and Subscription Agreement** shall be governed by and construed in accordance with the substantive law of the State of Arizona.

(b) This **Investor Questionnaire and Subscription Agreement** constitutes the entire Agreement between the parties hereto with respect to the subject matter hereof and may be amended only by a writing executed by all parties.

8. Ownership Information. Please print here the total principal amount of Investment Units to be purchased, and the exact name(s) in which the Investment Units will be registered:

TOTAL PRINCIPAL AMOUNT: \$ \_\_\_\_\_

NAME(S): 1) \_\_\_\_\_

2) \_\_\_\_\_

SOCIAL SECURITY #(S): 1) \_\_\_\_\_

2) \_\_\_\_\_

Ownership shall be taken in the Investment Units as follows:

- \_\_\_\_\_ Single Person
- \_\_\_\_\_ Husband and Wife, as community property
- \_\_\_\_\_ Joint Tenants (with right of survivorship)
- \_\_\_\_\_ Tenants in Common
- \_\_\_\_\_ A Married Person as separate property
- \_\_\_\_\_ Corporation or Other Organization
- \_\_\_\_\_ A Partnership
- \_\_\_\_\_ Trust
- \_\_\_\_\_ IRA
- \_\_\_\_\_ Tax-Qualified Retirement Plan

- (i) Trustee(s)/Custodian \_\_\_\_\_
- (ii) Trust Date \_\_\_\_\_
- (iii) Name of Trust \_\_\_\_\_
- (iv) For the benefit of \_\_\_\_\_

\_\_\_\_\_ Other: \_\_\_\_\_  
(Please Explain)

RESIDENCE ADDRESS:

\_\_\_\_\_

Street Address

\_\_\_\_\_

City State Zip

MAILING ADDRESS: (Complete only if different from residence)

\_\_\_\_\_

Street Address (If P.O. Box, include address for surface delivery if different than residence)

\_\_\_\_\_

City State Zip

PHONE: Home: ( ) \_\_\_\_\_

Business: ( ) \_\_\_\_\_

Facsimile: ( ) \_\_\_\_\_

9. Date and Signatures.

Dated \_\_\_\_\_, 201\_\_.

Purchaser Signatures:

Purchaser Name: (Print)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(Each co-owner or joint owner must sign. Names must be signed exactly as listed under Purchaser Name)

For Company Use

ACCEPTED:

USA BARCELONA REALTY ADVISORS, L.L.C.

By: \_\_\_\_\_

Its: \_\_\_\_\_

DATED: \_\_\_\_\_, 201\_\_



**SPECIMEN DOCUMENT – NOT FOR EXECUTION**

**USA BARCELONA REALTY ADVISORS, L.L.C.**

**Series A 12-6-12 Note  
PROMISSORY NOTE**

*This Series A 12-6-12 Note in concert with Class B Units in USA Barcelona Realty Advisors comprise an Investment Unit(s) that has been acquired under the Private Placement Offering Memorandum dated October 18, 2012 and 1<sup>st</sup> Amended February 1, 2013 and 2<sup>nd</sup> Amended April 29, 2013. to which Payee subscribed to acquire \_\_\_\_\_ Investment Units thereby Payee is acquiring \_\_\_\_\_ Series A 12-6-12 Notes.*

**FOR VALUE RECEIVED**, USA BARCELONA REALTY ADVISORS, L.L.C., an Arizona limited liability company ("Maker") promises to pay to the order of \_\_\_\_\_ ("Payee"), at the mailing address of Payee, or at such other place as the holder may from time to time designate, the principal sum of \_\_\_\_\_ Thousand Dollars (\$ \_\_\_\_\_), together with interest on the unpaid amount of such sum at the Interest Rate (as defined below).

1. **Payments and Interest Rate** - The Series A 12-6-12 Note will earn interest at a twelve percent (12%) annual interest rate. Interest will accrue from the date of issuance, and will be paid as follows:

- (a) Interest will be paid quarterly and shall be based on a 12% annual rate; however, the initial interest payment shall be due and payable on 3-31-2013 with interest due and payable quarterly thereafter through the term date of the Note.
- (b) A Year 1 Bonus Interest payment in the amount of 6% of the Note amount shall be paid on 12-31-2103;
- (c) A Year 2 Bonus Interest payment in an amount equal to 12% of the Note amount shall be payable on 12-31-2014; and,
- (d) Principal, any earned and unpaid Interest shall be paid on or before 12-31-2014 (the "Note Term Date"). The principal amount of the Note may be paid at any time prior to the Note Term Date, either in whole or in part, without penalty, at which time all interest due to the date of said principal payment, shall be due and payable. Any principal reduction payments made on the Series A 12-6-12 Note must be made on a pro rata basis to all holders of the Series A 12-6-12 Note.

2. **Default.** The failure by Maker to pay principal and interest due under this Series A 12-6-12 Note in accordance with its terms shall constitute an Event of Default. Upon the occurrence of any Event of Default, the Payee may exercise any and all rights and remedies available at law or in equity.

3. **Owner; Corporate Liability Only.** The Maker may treat the Payee as the owner of this Series A 12-6-12 Note for any purpose whether or not this Series A 12-6-12 Note is overdue, and neither the Maker nor any such agent shall be affected by notice to the contrary. No recourse shall be had for the payment of principal or interest on this Series A 12-6-12 Note, or for any claim based on this Series A 12-6-12 Note, against any Member or President of the Maker.

4. **Attorneys' Fees.** Maker, any endorser, guarantors, sureties, or accommodation parties, and all other persons liable or to become liable on this Series A 12-6-12 Note, jointly and severally agree to pay all fees and costs incurred in connection with the collection of the amounts due and owing under this Series A 12-6-12 Note, including attorneys' fees and all costs.

5. **Governing Law and Severability.** This Series A 12-6-12 Note is made pursuant to, and shall be construed and governed by, the laws of the State of Arizona. Maker submits to the exclusive jurisdiction of the courts of Maricopa County, Arizona. If any provision of this Series A 12-6-12 Note is construed or interpreted by a court of competent jurisdiction to be void, invalid or unenforceable, such determination shall affect only those provisions so construed or interpreted and shall not affect the remaining provisions of the Series A 12-6-12 Note.

6. **Time of Essence.** Time is of the essence of this Series A 12-6-12 Note.

7. Notices. All notices under this Series A 12-6-12 Note shall be in writing and shall be deemed delivered upon personal delivery to the authorized representatives of either party or 48 hours after being sent by certified mail (registered mail if to an address outside of the United States), return receipt requested, postage prepaid, addressed to the respective parties at the addresses set forth below.

8. Waiver. Maker for itself and for its successors, transferees and assigns, hereby waives presentment and demand for payment, protest, notice of protest and nonpayment. Maker agrees that this Series A 12-6-12 Note and any or all payments coming due hereunder may be extended or renewed from time to time without in any way affecting or diminishing Maker's liability under this Series A 12-6-12 Note.

IN WITNESS WHEREOF, Maker has executed this Series A 12-6-12 Note as of the date set forth below.

"MAKER"

USA BARCELONA REALTY ADVISORS, L.L.C.

By: \_\_\_\_\_

Its: \_\_\_\_\_

Dated: \_\_\_\_\_

Address:  
7025 N. Scottsdale Road, Suite 160  
Scottsdale, Arizona 85253

ADDRESS OF PAYEE:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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EXHIBIT B – OPERATING AGREEMENT

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AMENDED AND RESTATED  
OPERATING AGREEMENT  
OF  
USA BARCELONA REALTY ADVISORS, LLC

THIS AMENDED AND RESTATED OPERATING AGREEMENT (this "Agreement") is made and entered into effective as of April 25, 2013 (the "Effective Date"), by and among **USA Barcelona Realty Advisors, LLC** (f/k/a Barcelona Administration Company, LLC), an Arizona limited liability Company (the "Company"), those Persons listed on Schedule 1 hereto, as the members of the Company, and each of **Richard C. Harkins, George T. Simmons, Bruce Orr and Robert J. Kerrigan**, as the managers of the Company acting as the Executive Committee. This Agreement amends and restates in its entirety the Operating Agreement of the Company dated as of March 29, 2013.

ARTICLE I  
FORMATION, NAME, PURPOSE

1.1 Formation. The Company was duly formed by the filing of the Articles of Organization (the "Articles") with the Arizona Corporation Commission under the Act on November 12, 2010. The Executive Committee shall cause articles of amendment to the Articles to be filed with the Arizona Corporation Commission from time to time.

1.2 Intent. It is the intent of the Members that the Company shall always be operated in a manner consistent with its treatment as a "partnership" for federal and state income tax purposes. It is also the intent of the Members that the Company not be operated or treated as a "partnership" for purposes of Section 303 of the federal bankruptcy code. No Member shall take any action inconsistent with the express intent of the parties hereto.

1.3 Name. The name of the Company is USA Barcelona Realty Advisors, LLC. The Company's name was changed from Barcelona Administration Company, LLC to USA Barcelona Realty Advisors, LLC and filed articles of amendment to the Articles with the Arizona Corporation Commission on March 29, 2013.

1.4 Known Place of Business. The known place of business of the Company shall be at 7025 North Scottsdale Road, Suite 160, Scottsdale, Arizona 85253. The known place of business may be changed to any other place within the State of Arizona at the discretion of the Executive Committee.

1.5 Purpose.

(a) The Company has been formed to be the advisor to a series of private funds (each, a "Fund") and their respective Affiliates to investment in hotels, apartment communities and other income-producing real estate, and may operate Funds as real estate investment trusts ("REITs").

(b) Except as otherwise provided in this Agreement, without the unanimous consent of all Members, the Company shall not engage in any other activity or business, and no Member acting in the Member's capacity as a Member or Executive Member, if applicable, shall have any authority to obligate the Company or any other Member, or to hold itself out as a Member or Executive Member of the Company, with respect to any transaction or activity other than those entered into or carried out within the scope and business purpose of the Company as provided in Section 1.5(a) above.

1.6 Term. This Company commenced upon the filing of its Articles of Organization with the Arizona Corporation Commission, and shall continue until such time as it shall be terminated under the provisions of Article X below.

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1.7 Member. The name and address of each Member of this Company are set forth on Schedule 1 hereto, as such schedule may be amended from time to time pursuant to this Agreement.

1.8 Agent for Service of Process. The name and business address of the agent for service of legal process on the Company in Arizona is National Registered Agents Inc., 300 West Clarendon Avenue #230, Phoenix, Arizona 85013. The Company's agent for service of legal process may be changed at the discretion of the Executive Committee.

1.9 Definitions. Capitalized words and phrases used but not defined in this Agreement shall have the meanings set forth in Appendix A.

## ARTICLE II

### CAPITALIZATION OF THE COMPANY; LOANS; FEES AND OTHER PAYMENTS DUE AFFILIATES

#### 2.1 Issued Units; Authorized.

(a) The Company is authorized to issue up to two thousand (2,000) Class A Units and four (4) Class B Member Units. The Executive Committee has approved the issuance of the Class A Units and Class B Units to the Members and in the amounts shown on Schedule 1, and the Company is authorized to issue additional Class A Units and Class B Units upon the approval of the Executive Committee.

(b) Class A Units and Class B Units shall have the rights, preferences and privileges set forth herein. Furthermore, the Executive Committee may adopt, from time to time, a resolution or resolutions providing for the issuance of additional Units, in one or more classes, with such powers, designations, preferences, and privileges, and qualifications, limitations or restrictions thereof as shall be set forth in the resolution or resolutions adopted by the Executive Committee. Schedule 1 shall be amended from time to time to reflect the addition of new Members and any adjustments of the Membership Interests.

#### 2.2 Initial Capital Contributions.

(a) Each Class A Member has made the initial Capital Contributions to the Company set forth on Schedule 1. In exchange for each Class A Member's initial Capital Contribution to the Company, such Class A Members were issued Units in the amounts shown on Schedule 1, subject to adjustment as set forth in this Agreement.

(b) Each Class B Member was issued the Class B Unit(s) in the amounts shown on Schedule 1 in conjunction with Series A 12-6-12 Note(s) in connection with a Private Placement Offering made pursuant to a Private Placement Memorandum dated October 18, 2012 and amendments thereto, if any (the "Series A 12-6-12 Notes").

2.3 Additional Capital Contributions. Members (excluding the Class B Members) shall make Additional Capital Contributions to the Company at the times and in the amounts as shall be determined by the Executive Committee.

#### 2.4 Credits To Capital Accounts.

(a) Capital Accounts. An individual Capital Account will be established and maintained for each Member on the books of the Company.

(b) Organization Services. Richard C. Harkins and George T. Simmons shall have credited to their Capital Accounts an aggregate amount of \$500,000 for services rendered to the Company pertaining to the organization of the Company as follows:

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<i>Member</i>	<i>Amount of Capital Account Credit</i>
<i>Richard C. Harkins</i>	<i>\$400,000</i>
<i>George T. Simmons</i>	<i>\$100,000</i>

(c) Other Authorized Payments And Fees. Richard C. Harkins and George T. Simmons may elect to have amounts due to them under agreements between them and the Company, other than credits to their respective Capital Accounts under Section 2.4(b) above classified as Executive Member Loans.

2.5 Executive Member Loans. If the Executive Committee determines that the business of the Company requires funds, in addition to the capital contributed by the Members, the Company may borrow money from the Executive Members, and the Executive Members may make one or more loans to the Company to enable the Company to meet its obligations ("Executive Member Loans"). The Company shall repay Executive Member Loans from the Net Cash Flow of the Company as otherwise allowed under this Agreement. Executive Member Loans shall be repaid in chronological order of their respective origination dates beginning with the earliest origination date. The Executive Member Loans will bear an annualized 12% rate of interest.

2.6 Member Loans. If the Executive Committee determines that the business of the Company requires funds, in addition to the capital contributed by the Members and any Executive Member Loans, the Company may borrow money from the Members, and the Members may make one or more loans to the Company to enable the Company to meet its obligations ("Member Loans"). If the Executive Committee decides to seek third-party loans for such additional amounts, and such loans cannot be obtained by the Company from one or more lenders (other than the Executive Members) under terms and conditions unanimously acceptable to the Executive Committee, then the Company shall allow any Member to make a Member Loan to the Company. The Executive Committee shall give notice to the Members, setting forth the amount of funds needed, the proposed use of the funds, and the timing for funding. No Member shall be obligated to make any loan or advance to the Company, or to personally guarantee any loan or other obligation of the Company, without such Member's consent, which consent may be withheld in the Member's sole and absolute discretion.

2.7 Withdrawal or Return of Capital Contributions. Except as otherwise expressly provided for in this Agreement: a) no part of the Capital Contributions of any Member may be withdrawn except as otherwise approved in writing by all Non-Defaulting Members, and b) no Member shall be entitled to demand or to receive property other than cash in return for its Capital Contributions to the Company.

2.8 No Interest Earned on Company Capital. Interest earned on Company funds shall inure to the benefit of the Company, and no Member shall be entitled to receive interest on funds contributed as a Capital Contribution.

2.9 Provisions Not for Benefit of Creditors. The foregoing provisions of this Article II are not intended to be for the benefit of any creditor or other Person, and no such creditor or other Person shall obtain any right under any such foregoing provision against the Company or any Member by reason of any debt, liability or obligation or otherwise.

### ARTICLE III ALLOCATIONS

3.1 Allocation of Net Income and Net Loss. After giving effect to the allocations set forth in Section 3.2, Net Income and Net Loss shall be allocated as follows:

(a) Net Income. Net Income for the Fiscal Year shall be allocated in the following order and priority:

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(1) First, to the Members until the aggregate Net Income allocated pursuant to this Section 3.1(a)(1) for all Fiscal Years equals the aggregate Net Loss allocated (in the same amounts, but in reverse order) to the Member pursuant to Section 3.1(b)(1) and Section 3.1(b)(2).

(2) Second, to the Members according to their Capital Accounts.

(b) Net Loss. Net Loss for the Fiscal Year shall be allocated in the following order and priority:

(1) First, to the Members until the aggregate Net Loss allocated pursuant to this Section 3.1(b)(1) for all Fiscal Years equals the aggregate Net Income allocated to the Member pursuant to Section 3.1(a) in the same amounts but in the reverse order of priority.

(2) Second, to the Members according to their Capital Accounts.

### 3.2 Tax Allocation Provisions:

(a) Allocations of Certain Tax Items. If any asset contributed to the Company is subject to the provisions of Code §704(c), the Members' distributive shares of income, gain, loss and deduction as computed for federal income tax purposes with respect to such asset shall be determined in accordance with Code §704(c) by reference to the Members' distributive shares of the corresponding book items with respect to such asset, as determined under this Article III, Code §704(b) and Regulations §1.704-1(b)(1)(vi). If Code §704(c) is not applicable, depreciation, amortization or other cost recovery and gain or loss as computed for federal income tax purposes, with respect to any Company Asset ("Company Asset") which has an Agreed Value ("Agreed Value") greater or lesser than its adjusted tax basis, shall be allocated among the Members in a manner that takes into account the variation between the adjusted tax basis and the Agreed Value of such asset in the same manner as variations between the adjusted tax basis and Fair Market Value ("Fair Market Value") of property contributed to the Company are taken into account in determining the Members' share of tax items under Code §704(c), as required by Regulations §1.704-1(b)(2)(iv)(f)(4) and Regulations §1.704-1(b)(4)(i).

#### (b) Nonrecourse Deductions: Minimum Gain Charge-back:

(1) Allocation of Nonrecourse Deductions. Nonrecourse Deductions ("Nonrecourse Deductions") for any Fiscal Year or other period shall be specially allocated to the Members in the same proportion that Net Income and Net Loss are allocated to them.

(2) Allocation of Members Nonrecourse Deduction. Members Nonrecourse Deductions shall be allocated to the Members to whom the Members Nonrecourse Debt ("Members Nonrecourse Debt") is attributable in accordance with Regulations §1.704-2, and any loss or deduction attributable to such Members Nonrecourse debt shall not be treated as a Nonrecourse Deduction under provisions of this Agreement.

(3) Minimum Gain Chargeback. Notwithstanding anything herein to the contrary, if in any Fiscal Year there is a net decrease in Company Minimum Gain ("Company Minimum Gain") for such year and, if necessary, for subsequent years, each Member shall be allocated in accordance with Regulations §1.704-2(f), items of Company income and gain, as computed by reference to the adjusted Agreed Values of Company Assets for such year and, if necessary, for subsequent years, in proportion to, and to the extent of, that Member's share of the net decrease in the Company Minimum Gain within the meaning of Regulations §1.704-2(g)(2). If Members Nonrecourse Deductions have been allocated to a Member pursuant to Section 3.2(b)(2), Members Nonrecourse Debt Minimum Gain shall be charged back to such Members having a share of Members Nonrecourse Debt Minimum Gain ("Members Nonrecourse Debt Minimum Gain") in accordance with Regulations §1.704-2(i)(4) in any Fiscal Year and, if necessary, subsequent years, in which there has been a net decrease in Members Nonrecourse Debt Minimum Gain.

This Section 3.2(b) is intended to comply with the minimum gain chargeback requirement of Regulations §1.704-2(f) and (i)(4) and shall be interpreted in a manner consistent with such Treasury Regulations.

(c) Gross Income Allocation. In the event any Members has a deficit Capital Account at the end of any Fiscal Year that is in excess of the sum of (i) the amount such Members is obligated to restore pursuant to any provision of this Agreement, and (ii) the amount such Members is deemed to be obligated to restore pursuant to the penultimate sentences of Sections 1.704-2(g)(1) and 1.704-2(i)(5) of the Regulations, such Members shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 3.2(c) shall be made only if and to the extent that such Members would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Section 3.2 have been tentatively made as if this Section 3.2(c) were not in the Agreement.

(d) Curative Allocations:

(1) The "Regulatory Allocations" consist of the "Basic Regulatory Allocations," as defined in Section 3.2(d)(2) hereof and the "Nonrecourse Regulatory Allocations," as defined in Section 3.2(d)(3) hereof.

(2) The "Basic Regulatory Allocations" consist of the allocations pursuant to this Section 3.2(d)(2). Notwithstanding any other provision of this Agreement other than these Regulatory Allocations, the Basic Regulatory Allocations shall be taken into account in allocating items of income, gain, loss and deduction among the Members so that, to the extent possible, the net amount of such allocations of other items and the Basic Regulatory Allocations to the Members shall be equal to the net amount that would have been allocated to each such Members if the Basic Regulatory Allocations had not occurred.

(3) The "Nonrecourse Regulatory Allocations" consist of all allocations pursuant to this Section 3.2(d)(3). Notwithstanding any other provision of this Agreement, other than these Regulatory Allocations, the Nonrecourse Regulatory Allocations shall be taken into account in allocating items of income, gain, loss and deduction among the Members so that, to the extent possible, the net amount of such allocations of other items and the Nonrecourse Regulatory Allocations to the Members shall be equal to the net amount that would have been allocated to the Members if the Nonrecourse Regulatory Allocations had not occurred. For purposes of applying the foregoing sentence: (a) no allocations pursuant to this Section 3.2(d)(3) shall be made prior to the Fiscal Year during which there is a net decrease in Company Minimum Gain, and then only to the extent necessary to avoid any potential economic distortions caused by such net decrease in Company Minimum Gain, and (b) allocations pursuant to this Section 3.2(d)(3) shall be deferred with respect to allocations pursuant to Section 3.1(b)(1) hereof to the extent the President reasonably determines that such allocations are likely to be offset by subsequent allocations pursuant to Section 3.2(b)(3) of this Agreement.

(4) The President shall have reasonable discretion, with respect to each Fiscal Year, to: (a) apply the provisions of Section 3.2(d)(2) and Section 3.2(d)(3) hereof in whatever order is likely to minimize the economic distortions that might otherwise result from the Regulatory Allocations; and (b) divide all allocations pursuant to Section 3.2(d)(2) and Section 3.2(d)(3) hereof among the Members in a manner that is likely to minimize such economic distortions.

(5) In any Fiscal Year that the Company has a net decrease in Company Minimum Gain, if the minimum gain chargeback requirement under Section 3.2(b)(3) hereof would cause a distortion in the economic arrangement among the Members, and it is not expected that there will be a sufficient amount of other Company income to correct that distortion, the Company shall apply, pursuant to Regulations §1.704-2(f)(4), to the Internal Revenue Service for a waiver of the minimum gain chargeback requirement under Regulations §1.704-2(f)(1).

#### ARTICLE IV DISTRIBUTIONS

4.1 Distribution of Net Cash Flow. Except as otherwise provided in Article IV, as soon as practicable after the end of each quarter of the Fiscal Year, and, as to year-end distributions, in no event later than ninety (90) days after the end of each Fiscal Year, the Company shall distribute and apply the Net Cash Flow for the previous quarter in the following order of priority:

(a) First, \$12,500 for each Class B Unit, or a proportionate amount for a lesser percentage of a Class B Unit held by a Class B Member, to Class B Members.

(b) Second, 100% (or such lesser amount as is required) to pay all accrued but unpaid interest on outstanding Executive Member Loans and Member Loans.

(c) Third, 100% (or such lesser amount as is required) to repay the principal of any outstanding Executive Member Loans and Member Loans.

(d) Fourth, 100% to the Members in proportion to the unreturned balance of their respective Capital Accounts until the Members receive aggregate distributions under this Section 4.1(d) that reduce the balances of the Members' respective Capital Accounts to zero.

(e) Fifth, the remaining Net Cash Flow on a pro rata basis to the Members based on their respective ownership percentage of the Company.

4.2 Income Tax Advances. The Company will advance to each Member, to the extent of available cash and without borrowing additional funds, an amount equal to the federal and state income taxes that would be payable by such Members as a result of the recognition of Company income by such Member, to the extent such Member has not received distributions pursuant to Section 4.1 for any taxable year sufficient to pay such income taxes. All advances pursuant to this Section 4.2 will be loans from the Company to the Members receiving such advances, will bear interest at the annual rate of twelve percent (12%), and will be repaid out of the next available distributions to such Members pursuant to Section 4.1.

#### ARTICLE V RIGHTS AND OBLIGATIONS OF MEMBERS

5.1 Limitation of Liability for Company Obligations. Except as otherwise provided in the Act, no Member shall be personally liable for the debts, obligations and liabilities of the Company whether arising in contract or tort, under a judgment, decree or order of a court or otherwise.

5.2 Authority of Members. No Member shall take part in the control of management of the Company's business except to the extent of the rights and powers of a Member provided under this Agreement. Unless a Member is an Executive Member, or is delegated the authority of an officer as set forth in Section 6.3, no Member, agent or employee of the Company shall have any power or authority to bind the Company in any way, to pledge its credit, or to render it liable for any purposes. The Members' voting rights are limited to the following:

(a) Except as otherwise provided in this Agreement, each Class A Member shall be entitled to cast one vote for each Class A Unit held on any proposed action by the Company that if implemented would materially diminish a Class A Member's Membership Interests in the Company. A vote of the Majority-in-Interest of the Class A Members entitled to vote under this Section 5.2(a) is required to approve any such proposed action.

(b) Each Class B Member shall each be entitled to cast one vote for each Class B Unit held on any proposed action by the Company that if implemented would materially diminish a Class

B Member's Membership Interests in the Company. A vote of the Majority-in-Interest of the Class B Members entitled to vote under this Section 5.2(b) is required for approval of any such proposed action.

5.3 Other Activities of the Members. No Member shall be required to devote his, her or its whole time or any specified time to that Person's duties under this Agreement, provided, however, that the Executive Members shall devote as much time to the Company's business and affairs as is reasonably necessary to achieve the purpose of the Company and to discharge such Executive Members' respective duties and responsibilities set forth herein. The Members may engage in other businesses and activities of every nature and description, independently or with others, specifically, any such Person may engage in the real estate business in all its aspects, which shall include, without limitation, the construction, ownership, operation, management, syndication, development, marketing and sales of all types of real estate, any or all of which may be in competition with the business of the Company, and neither the Company nor any Member shall by reason of this Agreement have any rights in any such ventures or in the income or profits derived from such business, and no such Member shall be liable to the Company or any other Member as a result of any such business.

5.4 Compensation. Except as otherwise set forth in this Agreement, no Member shall be entitled to receive any salary or other compensation for services rendered in his, her or its capacity as an Executive Member or Member or on behalf of or to the Company.

5.5 Meetings and Minutes.

(a) Call and Place. Meetings of the Members, or a specific class of Members, for any purpose or purposes, may be called by either a Majority-In-Interest of a class of Members or the Executive Committee by giving written notice to the Members, or a specific class of Members, in the manner provided in Section 5.5(b). Meetings may be held at any place within or without the Arizona as determined by the Executive Committee. The Members may participate in a meeting of the Members by means of conference telephone or similar communications equipment, by means of which all persons participating in the meeting can hear one another, and such participation will constitute presence in person at the meeting.

(b) Notice. Notice of a meeting of the Members, unless waived by attendance at the meeting or by written consent, must be given by written notice at least fourteen (14) days before the date of the meeting, or hand delivered, emailed or sent by facsimile at least ten (10) days before the date of the meeting. Such notice must state the purpose of the meeting and the matters to be acted upon.

(c) Waiver of Notice. Attendance of a Member at a meeting constitutes waiver of notice of the meeting; provided, however, that no such waiver will occur if the Member objects at the beginning of the meeting because the meeting is not lawfully called or convened; and provided further, that attendance at a meeting is not a waiver of any right to object to the consideration of any matters required to be included in the notice of the meeting, but not so included, if the objection is expressly made at the meeting.

(d) Quorum. The presence of a Majority-In-Interest of Members, represented in person or by proxy, will constitute a quorum at a meeting of the Members.

(e) Voting. Class A Members and Class B Members voting rights are limited to the following:

- (i) The Class A Members shall each be entitled to cast one vote on any proposed action by the Company that if implemented would materially diminish the Class A Members' economic rights. A vote of the Majority-In-Interest of the Class A Members is required for any such approval.

- (ii) The Class B Members shall each be entitled to cast one vote on any proposed action by the Company that if implemented would materially diminish the Class B Members economic rights. A vote of the Majority-In-Interest of the Class B Members is required for any such approval.

As a result of the limited voting rights of Class A Members and Class B Members, the Executive Members have control of the Company through their exclusive right to approve all Major Decisions (as defined in Section 6.4 below).

(f) Majority Vote Required for Action. With respect to any matter upon which the Members are requested to vote or to give their consent for which the required vote for approval is not otherwise specified in this Agreement, such matter will be considered approved upon the affirmative vote of a Majority-In-Interest.

(g) Conduct. At any meeting of the Members, the Executive Committee may adopt such rules for the conduct of the meeting as they deem appropriate.

5.6 Action Without a Meeting. Any action that may be taken at a meeting of the Members, requiring a vote of a class of Members entitled to vote thereon, may be taken without a meeting if a Majority-In-Interest so agree in writing, and a consent in writing setting forth the action so taken is signed by a Majority-In-Interest of the class of Members entitled to vote thereon. Any action that may be taken at a meeting of the Executive Members requiring a vote of the Executive Members may be taken without a meeting if all of the Executive Members so agree in writing, and a consent in writing setting forth the action so taken is signed by all of the Executive Members.

5.7 No Delay. Each Member agrees not to unreasonably delay its response to any action or decisions proposed by the other Members, requiring approval by a Majority-In-Interest, and each Member agrees to make itself available at reasonable times and on reasonable notice.

5.8 Restrictions on Withdrawal. No Member may withdraw from the Company unless such withdrawal is approved in the same manner as a permitted Transfer of a Membership Interest in accordance with the provisions of Section 9.2(a). Any Member withdrawing in violation of this provision shall be treated in the same manner as a Defaulting Member and be immediately expelled in accordance with Section 7.7. The occurrence of a Withdrawal Event with respect to a Member shall not result in the dissolution of the Company, and the Executive Committee and remaining Members shall have the right to continue the Company.

## ARTICLE VI MANAGEMENT

6.1 Management of the Company. Subject to the approval requirements for Major Decisions, the right, authority and duty to manage, control and conduct the business and affairs of the Company shall be vested in the President, and such other officers who may be named by the Executive Committee. The President, and such other Persons to whom such authority and duties are delegated, are sometimes referred to in this Agreement as "Proper Officers". The Proper Officers, in connection with the management of the Company's business, shall have any and all rights and powers of a manager under the Act, all of the rights and powers which are necessary for or convenient or incidental to the accomplishment of the Company's purpose and the conduct of the Company's business. The Executive Committee shall be comprised of no fewer than three members, each of whom shall be referred to as an executive member (the "Executive Members"). As of the date of the Agreement, the Executive Members are Richard C. Harkins, George T. Simmons, Robert Kerrigan and Bruce Orr. The Executive Members shall hereafter be elected to the Executive Committee by vote of a majority of the Executive Members. Each Executive Member shall have one vote. Unless otherwise provided in the Agreement, the vote of a majority of the Executive Committee shall determine the decisions of the Executive Committee. The decisions of the Executive Committee shall be made in the best interest of the Company. If the Executive Committee is deadlocked on any issue after at least two rounds of voting, the President of the Company,

if any, shall have an additional, tie-breaking vote to resolve the deadlock. Unless otherwise provided in this Agreement, all actions, approvals and other authorizations of the Executive Members may be undertaken only by Proper Officers or Managers elected by the Executive Committee who will have sole authority to manage, control and conduct the business and affairs of the Company, as provided in this Article VI.

6.2 Vacancy; Removal of Executive Members. In the event of a vacancy on the Executive Committee, a new Executive Member shall be elected by a majority of the remaining Executive Members. Any or all of the Executive Members may be removed for Cause at any time upon vote of a Majority-in-Interest of the Members and no Executive Member in his capacity as a Member shall be entitled to vote.

6.3 Officers. The Executive Committee may, from time to time, delegate to one or more Persons (including any Executive Member or officer of the Company and including through the creation and establishment of committees) such authority and duties as the Executive Committee may deem advisable. In addition, the Executive Committee may assign titles and delegate certain authority and duties to Persons as further described below. The salaries or compensation, if any, of the Proper Officers of the Company shall be fixed from time to time by the Executive Committee. Any delegation pursuant to this Section 6.3 may be revoked at any time by the Executive Members. The Executive Committee hereby delegates Richard C. Harkins as the President. The President, and such other Proper Officers as the Executive Committee may elect from time to time, shall have the following authority and duties as officers of the Company:

(a) The President shall oversee the day-to-day activities of the Company, make all decisions other than Major Decisions or other decisions that have been delegated to other Proper Officers, and carry out Major Decisions which are made by the Executive Committee. The President shall devote such part of his time to the Company business as is reasonably and prudently necessary for the conduct of such business, affairs and purpose; provided, however, that it is expressly understood and agreed that neither the President nor any other Proper Officer shall be required to devote his or her entire time or attention to the business, affairs and purpose of the Company.

(b) Each Proper Officer shall in good faith, but at the sole cost and expense of the Company, use the Proper Officer's best efforts to implement or cause to be implemented and to conduct or cause to be conducted the ordinary and usual business, affairs and purpose of the Company in accordance with and as limited by this Agreement, including, but not limited to, the matters described below. Each Proper Officer, in carrying on such activity, shall have all rights and powers generally conferred by law or which are necessary, advisable or consistent in connection therewith, and, in such capacity, shall have the specific rights and powers set forth below. In addition to any other rights and powers which any Proper Officer may possess, he or she shall have all specific rights and powers required for or appropriate to the management of the Company's business, affairs and purpose which, by way of illustration but not by way of limitation, shall include (subject to the limitations set forth elsewhere in this Agreement) the following rights and powers:

- (1) Protect and preserve the titles and interest of the Company Assets;
- (2) Pay all taxes, assessments, and other impositions applicable to the Company Assets;
- (3) Endeavor to enforce by all reasonable means the obligations of any third parties to the Company;
- (4) Keep all books of accounts and other records of the Company;
- (5) Pay all debts and other obligations of the Company;

(6) Maintain all funds of the Company held or controlled by the Managers in a Company account or accounts in a bank or banks determined by the President;

(7) Make distributions periodically to the Members in accordance with the provisions of this Agreement;

(8) Insure or cause the Company Assets and the Company to be insured in such amounts and against such risks as the President may approve;

(9) Perform other normal business functions and otherwise operate and manage the Company's interest in Company Assets and the business, affairs and purpose of the Company in accordance with and as authorized or limited by this Agreement;

(10) Perform other obligations provided elsewhere in this Agreement to be performed by the President;

(11) Enter into and execute agreements and related documents in connection with the Company's assets;

(12) Employ attorneys, accountants, and other professionals and consultants on behalf of the Company;

(13) Pay, collect, compromise, arbitrate, resort to legal action for or otherwise adjust claims or demands of or against the Company;

(14) Establish, from income derived from the Company's operations, such reserves as the officers, in their reasonable discretion, shall deem reasonably necessary to meet anticipated Company expenses; and

(15) Enter into and execute such additional agreements or other documents on behalf of the Company as the officers reasonably deem necessary to effectuate the foregoing.

6.4 **Major Decisions.** Notwithstanding any other provision hereof, neither the Managers nor any officer acting pursuant to the authority delegated to him in Section 6.3, shall take any action or incur any obligation binding on the Company within the scope of any of the following actions (the "Major Decisions") unless such action is expressly authorized elsewhere in this Agreement or until the Major Decision has the approval of a majority of the Executive Members. The Major Decisions include:

(a) Create, incur, assume, refinance, extend, modify, amend or otherwise become liable with respect to any obligation for borrowed money (including without limitation guarantees of the indebtedness or other obligations of any Person or of any Affiliate of the Company), issue any bonds, debentures, notes or other evidences of indebtedness, in any transaction or series of transactions;

(b) Pledge, mortgage, hypothecate or otherwise encumber any of the Company Assets, other than as security for loans permitted by this Agreement;

(c) Acquire any real property;

(d) Cause the Company to enter into or amend any agreement between the Company and any Member or any Affiliate of a Member;

(e) Amend in any material respect, or waive any material rights in, any agreement the entering into of which was a Major Decision;

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(f) Dissolve or wind up the Company except as otherwise provided in this Agreement or authorize any act that would make it impossible to carry on the ordinary business of the Company;

(g) Engage in business combination transactions, including any merger, or enter into any joint venture, partnership or limited liability Company, corporation, trust or other entity with any Person;

(h) Extend the term of the Company;

(i) Consent to, or file for any bankruptcy, custodianship, receivership or trusteeship of the Company;

(j) Make any distributions of property in kind by the Company or accept any contributions by any Company of property other than cash;

(k) Admit any other Member to the Company except as otherwise provided herein or redeem Membership Interests;

(l) Determine any Agreed Value;

(m) Authorize any Additional Capital Contributions;

(n) Adopt or modify each budget hereafter approved by the Executive Members;

(o) Incur any liability or obligation not contemplated in a Budget except de minimis amounts incurred in the ordinary course of business;

(p) Cause the Company to (A) fail to be taxable as a partnership for federal income tax purposes, including, without limitation, causing the Company to file an election with the Internal Revenue Service on Form 8832 (or any successor form) electing, pursuant to Treasury Regulations Section 301.7701-3, to have the Company treated as a corporation for federal income tax purposes, or (B) take a position inconsistent with such treatment except as required by law;

(q) Cause the Company to settle any lawsuit that materially affects the ability of the Company to carry on its business as contemplated by this Agreement;

(r) Enter into any transaction with a member of the Executive Committee or Affiliate of a member of the Executive Committee at a cost to the Company of \$50,000 or more; and

(s) Authorize the increase of Units in any class of Units or the creation of an additional class of Membership Interests.

At the time the Executive Committee requests approval of any Major Decision, the Executive Committee shall furnish to each of the Executive Members such information and documentation as is reasonably necessary for each of the Executive Members to make an informed decision to approve or disapprove the particular Major Decision in writing in a prompt and timely manner and not exceeding five (5) business days. Failure to approve or disapprove a Major Decision in writing within such five (5) day period shall constitute an irrevocable approval of such Major Decision.

6.5 Other Business Ventures. The Members agree that none of the members of the Executive Committee shall be in violation of the duty of loyalty to the Company if he or she engages in or possesses an interest in any other business venture of any nature and description, independently or with others, whether such ventures are competitive with the Company or otherwise. The Members further

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agree that neither the Company nor the Executive Committee shall have any right by virtue of this Agreement in or to such independent ventures or to the income or profits derived therefrom.

6.6 Executive Committee Members' Duty of Care. Each member of the Executive Committee shall discharge his or her duties in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances and in a manner such member of the Executive Committee reasonably believes to be in the best interests of the Company. Each member of the Executive Committee shall cause the Company to conduct its business, operations and affairs separately from those of each member of the Executive Committee or Member or of any of their respective Affiliates.

6.7 Liabilities of any Executive Committee Member.

(a) No member of the Executive Committee shall be liable, responsible, or accountable in damages or otherwise to any other Member for any act done or omitted by such member of the Executive Committee, within the scope of the authority conferred on such member of the Executive Committee by this Agreement or by law, except for acts of active negligence, fraud, or breach of the fiduciary duty of such member of the Executive Committee.

(b) The Company shall indemnify, defend and hold harmless each member of the Executive Committee for, from and against all loss, damages, liabilities and expenses (including, without limitation, attorneys' fees and court costs and expert witness fees) incurred by such member of the Executive Committee, whether individually or jointly, arising out of acts or omissions committed or alleged to have been committed while acting as a member of the Executive Committee for or on behalf of the Company; provided that with regard to the act or omission involved, such member of the Executive Committee's actions, or failure or refusal to act were not fraudulent or actively negligent or in breach of such member of the Executive Committee's fiduciary duty to the Company. Any indemnification extended pursuant to this Section 6.7 shall be paid from, and limited to, the assets of the Company, and no Member shall have any personal liability on account thereof.

6.8 Indemnification of Agents. The Company shall indemnify, defend and hold harmless against any liability, claim, action, damage or expense (including, attorneys fees, costs of court and expert witness fees) any Person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (including arbitration) by reason of the fact that he is or was a Member, officer, Executive Committee member, deemed manager, or managing agent of the Company or is now serving or has served, at the request of the Company, as an Executive Committee member, manager, director, officer, employee or other agent of the Company or another limited liability company, corporation, partnership, joint venture, trust or other enterprise (all such Persons being referred to herein after as an "agent"), such indemnity to be extended to the fullest extent permitted by applicable law; provided that no indemnity shall be extended to any Member, employee or agent of the Company who has engaged in any intentional or willful wrong doing or fraud, or breach of this Agreement. The members of the Executive Committee shall be authorized, on behalf of the Company, to enter into indemnity agreements from time to time with any Person entitled to be indemnified by the Company hereunder, upon such terms and conditions as the Executive Committee adopts.

6.9 Actions of the Executive Committee. Each member of the Executive Committee is entitled to one vote; except that the President may have an additional tie-breaking vote in the case of a deadlock. The members of the Executive Committee may act through meetings, written consents, committees or any other Person or Persons to whom authority and duties have been delegated by the members of the Executive Committee.

6.10 Resignation. A member of the Executive Committee may resign from the Executive Committee at any time by giving at least thirty (30) days written notice to the Members pursuant to Section 13.1. The resignation of the member of the Executive Committee shall take effect thirty (30) days after the receipt of notice thereof or at such other time as may be agreed to between the member of the Executive Committee and the Executive Members; and, unless otherwise specified therein, the

acceptance of such resignation shall not be necessary to make it effective. Such resignation shall not affect the member of the Executive Committee's rights and liabilities as a Member.

6.11 List of Members. Upon written request of any Member, the Executive Committee shall promptly provide a list showing the names, last known addresses and interests of all Members.

6.12 Meetings. The Executive Committee shall not be required to hold regular meetings but shall hold meetings as required to provide guidance to the Proper Officers and to make Major Decisions. Meetings may be held at the principal office of the Company or at other mutually agreed places. Any Executive Member may call a special meeting upon three (3) days notice to the other Executive Members. However, in case of emergency, reasonable notice of a special meeting shall suffice.

(a) Quorum. There shall be a quorum of the Executive Committee if a majority of the Executive Members is present, in person or by proxy. However, if at the date, time and place stipulated in the notice of a meeting of the Executive Committee a quorum is not present, such meeting shall be deemed to have been called for the fifth (5<sup>th</sup>) business day following such date and at the same time and place. Each notice of a meeting of the Executive Committee shall include an itemized agenda prepared by the Executive Member calling the meeting.

(b) Minutes. The Executive Committee shall prepare minutes of all meetings of the Executive Committee and shall distribute copies of such minutes to all Executive Members within five (5) days after the meeting. The minutes shall be the official record of the decisions made by the Executive Committee. The Executive Members acknowledge that personnel employed by the Company may be required to attend a meeting of the Executive Committee, but no such personnel shall have a vote at the meeting.

(c) Telephone. Executive Members may participate in a meeting of the Executive Committee by means of telephonic communication or other means whereby each Executive Member can hear each of the other Executive Members, and such participation in the meeting shall constitute presence in person at the meeting.

(d) Action Without a Meeting. The Executive Committee, in lieu of deciding any matter at a meeting or by telephone conference, may act by instrument in writing signed by all of the Executive Members.

6.13 Compensation of Proper Officers and Executive Members. The Proper Officers and Executive Members shall receive reasonable compensation as set forth below for the performance of their services as Proper Officers and Executive Members (collectively, the "Guaranteed Payments"), provided that all Executive Members approve such compensation for the Proper Officers and each Executive Member. All Executive Members must approve any increase in the compensation payable to the Proper Officers and any Executive Member pursuant to the Agreement.

(a) With respect to the President, commencing November 1, 2012, the President shall accrue an annual Guaranteed Payment of \$150,000 which shall be paid on any periodic basis but no less than \$6,000 per month and as otherwise agreed to by the Executive Members. Commencing November 1, 2012, other than the President, each Executive Member, based on their date of commencement as an Executive Member, shall accrue a base annual Guaranteed Payment of \$50,000, which shall be paid on any periodic basis agreed to by the Executive Members, or a lesser amount based on less than Full-Time Service to the Company, as agreed by all Executive Members. The initial accrued base annual Guaranteed Payments may be increased or decreased on a calendar quarterly basis provided that all Executive Members approve any such increase or decrease.

(b) Base annual Guaranteed Payments shall be treated as Guaranteed Payments within the meaning of Code Section 707(c) and not as distributions. It shall be deducted as expenses of the Company in the calculation of "Net Cash Flow".

ARTICLE VII  
DELINQUENT AND DEFAULTING MEMBERS

7.1 Failure to Pay Amounts Due. If any Member fails to pay any amount due under this Agreement within ten (10) days of the due date, the Executive Committee shall send a written notice thereof to the Member, and if the Member fails to pay the entire required amount within ten (10) days of the date of such notice, the Member shall be considered a Non-Contributing Member. If a Member becomes a Non-Contributing Member, the Executive Committee shall immediately give written notice of such fact to each Member and for a period of five (5) business days after the date of such notice each other Member shall have the right to advise the Executive Committee in writing of such Member's desire to advance directly to the Company, on behalf of the Non-Contributing Members, the funds required from the Non-Contributing Members (a "Contribution Loan"). If within the five (5) day period more than one Member advises the Executive Committee of the Member's desire to make a Contribution Loan, such Member (a "Contributing Member") shall lend the funds to the Non-Contributing Member in proportion to their respective Percentage Interests. At the expiration of the five (5) day period, the Executive Committee shall advise each Member indicating a desire to make a Contribution Loan of the amount such Member is to advance to the Company and the date on which the funds are due and payable to the Company. The Contribution Loan shall be considered a loan to the Non-Contributing Member and neither the Company nor any other Member shall have any liability or obligation for the repayment of the Contribution Loan. The Contribution Loan shall mature and be due and payable in full on the date which is ninety (90) days after the date the Contribution Loan is made. Within ten (10) days after the date a Contributing Member makes a Contribution Loan, the President shall give written notice of the Contribution Loan to the Non-Contributing Member and such notice shall also specify the maturity date of the Contribution Loan.

7.2 Default. If no Members elects to advance the funds required from the Non-Contributing Member as specified in Section 7.1, then the failure of the Non-Contributing Member to make the Additional Capital Contribution or assessment shall constitute a default and the Non-Contributing Member shall be a Defaulting Member.

7.3 Contribution Loan. In the event a Contributing Member elects to make a Contribution Loan, then the Contribution Loan shall bear interest at a rate equal to the greater of eighteen percent (18%) per annum, or the "Prime Rate" in effect from time to time plus three (3) percentage points (adjusted monthly on the first day of each month), from the date the Contribution Loan is made until paid in full.

(a) Repayment of the Contribution Loan(s) shall be secured by the Non-Contributing Member's Membership Interests.

(b) The Non-Contributing Member hereby grants a security interest in its Membership Interests to the Contributing Member(s) who advances a Contribution Loan(s) and irrevocably appoints the Contributing Member(s) as the Non-Contributing Member's attorney-in-fact with full power to prepare and execute any reasonable documents, instruments and agreements, including but not limited to, reasonable Uniform Commercial Code Financing and Continuation Statements, and other reasonable security instruments as may be appropriate to perfect and continue such security interest(s) in favor of the Contributing Member(s). If there is more than one Contributing Member, each Contributing Member's security interest in the Non-Contributing Member's Membership Interests shall be a pro rata portion based upon the ratio the original principal amount of the Contributing Member's Contribution Loan bears to the aggregate original principal amount of the Contribution Loans to such Non-Contributing Member. Copies of any such documents shall be mailed to the Non-Contributing Member.

7.4 Defaulting Members. If any Contribution Loan (which shall include all reasonable attorney fees, interest, and costs incurred by the Contributing Member(s)) has not been repaid in full within ninety (90) days of the date the Contribution Loan is made, then without further notice or demand (all of which are expressly waived), the Non-Contributing Member shall be considered a Defaulting Member and the Contributing Member(s) shall have, with respect to the Non-Contributing Member and his Membership

Interest, the rights and remedies of a secured party as against a defaulting debtor under the provisions of the Arizona Uniform Commercial Code, including but not limited to, the right and power to offer for sale and to sell the Non-Contributing Member's Membership Interest. A Non-Contributing Member whose Membership Interest is foreclosed upon and sold shall remain liable to the Company and the Contributing Member(s) for any deficiency in the amount of the Contribution Loan and shall not be relieved from any personal liability for any outstanding indebtedness, liabilities, liens and/or obligations, if any.

7.5 Loan Repayment. Until such time as a Non-Contributing Member becomes a Defaulting Member, any Contribution Loan shall remain in place and shall bear interest and be repaid as provided above. Until any such Contribution Loan is repaid in full, any distributions which would otherwise be payable to the Non-Contributing Member shall be paid to the Contributing Member(s) and be applied as a credit against the Contribution Loan.

7.6 Loss of Right to Vote. A Defaulting Member shall not be entitled to attend Company meetings nor receive information relating to the Company business and shall have no right to vote on any Company matters, until such time as such Member cures any situation resulting in such Member being a Defaulting Member.

7.7 Additional Rights and Remedies. If a Member becomes a Defaulting Member by reason of no other Members electing to make a Contribution Loan, the Executive Committee shall provide the Defaulting Member with written notice that such Defaulting Member will be expelled from the Company if, by the date specified in the notice, the Defaulting Member does not fully cure the default by contributing to the Company the full amount of the delinquent required contribution plus all of the fees, costs, and expenses incurred by the Company by reason of such default. An expelled Member shall not be entitled to withdraw any capital from the Company and shall have no right to participate in the affairs of the Company or to make any further Capital Contributions. The expulsion of a Member shall not dissolve or terminate the Company. In lieu of, but not in addition to, the rights and remedies provided in this Article VII for the Company and/or Non-Defaulting Members against a Defaulting Member, the Company and/or any Non-Defaulting Members may elect to invoke and pursue any and all other remedies against any such Defaulting Member, whether provided at law or in equity, including, but not limited to, bringing suit for damages, for specific performance, or for the appointment of a receiver or specific master, in the discretion of the Company and/or such Non-Defaulting Members.

#### ARTICLE VIII BOOKS, RECORDS, REPORTS AND ACCOUNTING

8.1 Nature of Books and Records. The Company shall maintain or cause to be maintained complete and accurate records and books of account appropriate for the Company's business and affairs. Such books and records shall be kept on a basis consistent with the accounting methods followed by the Company for federal income tax purposes (which shall be on a cash basis) applied in a consistent manner and a manner consistent with other provisions of this Agreement.

8.2 Audit. The books of the Company shall not be audited unless upon a vote of a majority of Executive Members.

8.3 Capital Accounts. An individual Capital Account shall be maintained for each Member, to which Capital Contributions and Profits shall be credited and distributions and Losses shall be charged.

8.4 Tax Returns. The Executive Committee, or the President acting pursuant to the authority delegated to him in Section 6.3, shall cause the preparation for filing of all federal, state and local Company tax returns at the Company's expense, and shall make such tax elections and determinations as appear to be appropriate. Such tax returns shall be prepared by the President or an independent public accounting firm to be designated by the Executive Committee. The Executive Committee, or the President acting pursuant to the authority delegated to him in Section 6.3, shall endeavor to deliver to each Member its Form K-1 and any other required tax information by March 1 of each year.

8.5 Bank Accounts. All receipts, funds and income of the Company shall be deposited into one or more bank accounts to be established by the President. Check signing and other authority to transact business with respect to the accounts shall be vested with the President.

8.6 Tax Matters Partner. The President shall act as the Tax Matters Partner for federal income tax purposes. The "Tax Matters Partner" shall have meaning found in Section 6231(a)(7) of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) whose responsibilities as Tax Matters Partner include, where appropriate, commencing on behalf of the Company certain judicial proceedings regarding Company federal income tax items and informing all Members of any administrative or judicial proceeding involving federal income taxes. The Tax Matters Partner shall have final decision making authority with respect to all federal income tax matters involving the Company, except that the Tax Matters Partner shall not enter into a final settlement of any federal income tax proceeding without the approval of a majority of the Executive Members. Any direct out-of-pocket expense incurred by the Tax Matters Partner in carrying out its obligations hereunder shall be allocated to and charged to the Company as an expense of the Company for which the Tax Matters Partner shall be reimbursed.

#### ARTICLE IX RESTRICTIONS ON TRANSFERABILITY

9.1 Restrictions on Transfer of Interests. No Member shall sell, assign, pledge, hypothecate, encumber or otherwise voluntarily transfer by any means whatsoever ("Transfer") any Membership Interest or any portion thereof, including, without limitation, a Transfer of a right to receive profits, losses, or distributions (and any and all such attempted or purported Transfers shall be null and void), except as permitted pursuant to Section 9.2.

9.2 Permitted Transfers. Members may Transfer any Membership Interest or any portion thereof if:

(a) all Executive Members shall have consented to such Transfer, and the Member shall have paid to the Company a transfer fee of five hundred dollars (\$500) to cover administration expenses associated with the Transfer;

(b) the Transfer is made to the estate, personal representative, executor, heirs, or devisees of a deceased Member;

(c) the Transfer is made to a Member's revocable family living trust; or

(d) the Transfer is made by a Member in accordance with the following procedures:

(1) The Member shall have received a bona fide offer (the "Offer") from a third party to purchase all, but not less than all, of the Member's Membership Interest;

(2) The Member shall have offered to sell to the Members all, but not less than all, of such Member's Membership Interest at the price and under the terms contained in the Offer, such Offer to remain open for a thirty (30) day period following delivery of the notice;

(3) The Member shall have failed to tender an agreement, within thirty (30) days from the date the Member received written notice of their right to purchase, to purchase all of the selling Member's Membership Interest at the price and under the terms contained in the Offer, and the Member desiring to make such Transfer shall have consummated such Transfer on the terms and conditions specified in the Offer, including the proposed closing date; and

(4) The transferee complies with the provisions of Section 9.4 hereof.

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### 9.3 Special Provision Respecting Transfers.

(a) Upon the death of a Member or a divorce of a Member resulting in the ex-spouse receiving any part of the Member's Membership Interest, the Company and all the remaining Members shall have the right and option for thirty (30) days from receiving written notice of such event to purchase all, but not less than all, of the Membership Interest of the Member which is owned by the heirs, devisees or ex-spouse. If more than one Member so elects, the Membership Interest shall be divided among the electing Members according to their relative Percentage Interests. A Member shall be responsible for promptly notifying the other Members should such Member become divorced during the term of this Agreement when the divorce results in an ex-spouse receiving any portion of the Member's Membership Interest. The total purchase price for such deceased or divorced Member's Membership Interest shall be computed by taking: (i) the Fair Market Value of the assets of the Company; less (ii) the total liabilities of the Company as of the valuation date, multiplied times (iii) the Percentage Interest of the Member; less (iv) the amount of any obligations owed by the Member to the Company.

(b) Upon Bankruptcy of a Member, the Company and all the remaining Members shall have the right and option for thirty (30) days from receiving written notice of such event to purchase all, but not less than all, of the Membership Interest of such Member. The total purchase price for such Member's Membership Interest shall be computed by taking: (i) the Fair Market Value of the assets of the Company; less (ii) the total liabilities of the Company as of the valuation date, multiplied times (iii) the Percentage Interest of the Member; less (iv) the amount of any obligations owed by the Member to the Company.

9.4 Substituted Members. Except with respect to Transfers to Permitted Transferees, no Person taking or acquiring, by whatever means, the Membership Interest of any Member shall be admitted as a substitute Member in the Company (a "Substituted Member") without satisfying the following conditions:

(a) Each Executive Member shall have consented to the substitution, except in the case of a Transfer by an Executive Member, such transferring Executive Member shall not consent to the substitution;

(b) The Person to whom the Transfer is to be made shall sign a counterpart of this Agreement in the form attached hereto as Schedule 2, agreeing to be bound by the provisions hereof, and if such Person is married, causes his or her spouse to sign a spousal consent in the form attached hereto as Schedule 3; and

(c) All expenses (including reasonable legal fees) incurred in connection with the Transfer shall have been paid by or for the account of the Person to whom the Transfer is to be made (the Company will bear no expenses).

9.5 Settlement and Purchase Price. The settlement for the purchase of the Membership Interest pursuant to Sections 9.2(d) or 9.3 above shall be held thirty (30) days from the exercise of any option relating to such settlement at 10:00 a.m. Phoenix time at the principal office of the Company or at such other date, time and place as shall be agreed upon by the parties to the settlement.

(a) In the case of a purchase pursuant to Section 9.2(d) above, the purchase price shall be paid in accordance with the terms of the Offer; provided, however, that notwithstanding any of the terms of the Offer, the closing shall not occur any sooner than the settlement date provided for in this Agreement. If the closing date of the Offer is later than the settlement date, the settlement shall take place upon the settlement date provided for in this Agreement or the closing date set forth in the Offer, as may be elected by the purchasing Members.

(b) In the case of a purchase pursuant to Section 9.3 above, the purchase price shall be payable as follows.

(1) A down payment of twelve percent (12%) of the purchase price shall be payable at the settlement;

(2) The balance of the purchase price shall be paid in six (6) equal annual principal installments, the first installment to be due one (1) year following the settlement date, and subsequent annual principal payments shall be due on the same day of each successive year thereafter.

(3) Membership Interest on the deferred balance of the purchase price shall bear interest at the then Prime Rate from the settlement date until paid in full (adjusted monthly on the first day of each month). Accrued interest shall be payable at the same time as installments of principal.

(4) If not sooner paid in full, the unpaid principal plus accrued interest shall be paid in full upon the winding up of the Company's business and affairs. In the event of default in the payment of principal or interest pursuant to the provisions hereof, the party entitled to payment, at its option shall have the right to declare the unpaid balance of principal and accrued interest immediately due and payable.

(5) The deferred balance of such purchase price plus such accrued interest shall be secured by a security interest in the transferring Member's Membership Interest.

9.6 Termination of the Company for Tax Purposes. Notwithstanding anything to the contrary contained in any other provision of this Agreement, the sale or exchange of all or any part of a Membership Interest in the capital and/or the profits of the Company may not be made (and will be null and void) if the Membership Interest sought to be sold or exchanged, when added to all other Membership Interests in the Company's capital and/or profits transferred within the twelve (12) consecutive month period ending on the date of such proposed sale or exchange, would cause the termination of the Company for federal income tax purposes.

9.7 Restraining Order. If any Member shall at any time Transfer or attempt to Transfer all or any part of its Membership Interest in violation of the provisions of this Agreement, then any other Member, in addition to all other available rights and remedies, shall be entitled to a decree or order restraining and enjoining such transfer.

#### ARTICLE X DISSOLUTION AND TERMINATION

10.1 Dissolution. The Company shall be dissolved upon the first to occur of any of the following events:

- (a) upon the entry of a decree of dissolution under Section 29-785 of the Act;
- (b) a unanimous vote of the Executive Members to dissolve;
- (c) the appointment of a receiver, trustee or liquidator of the assets of the Company, or the attachment, execution or other judicial seizure of all or a portion of the Company Assets, unless such seizure is discharged within one hundred twenty (120) days thereafter; or
- (d) December 31, 2036.

10.2 Effect of Filing of Dissolving Statement. Upon the dissolution of the Company, the Company shall cease to carry on its business, except insofar as may be necessary for the winding up of its business, but its separate existence shall continue until Articles of Termination have been filed with the Arizona Corporation Commission or until a decree dissolving the Company has been entered by a court of competent jurisdiction.

10.3 Termination and Winding Up. In the event of the dissolution of the Company: (i) the Company shall cease to engage in any further business, except to the extent necessary to perform existing obligations, (ii) the affairs of the Company shall be terminated and wound up, (iii) an accounting shall be made, (iv) the liabilities of the Company (including without limitation, those owed to the Members and their Affiliates in respect of funds advanced, property sold and services rendered to the Company) shall be paid or adequately provided for, and (v) the remaining Company Assets shall be distributed to the Members in the same manner as provided in Section 3.1. The Executive Committee shall have the sole authority and control over winding up and liquidating the affairs of the Company. Distributions of non-cash assets will be based on the Fair Market Value of such assets at the time of distribution, each item going to the respective Members as the Members unanimously shall agree; provided that if the Members cannot agree unanimously on the method of distribution, then all non-cash assets shall be sold for cash at public auction after publication of notice of the time and the place of sale and describing the property has been accomplished at least once in a newspaper of general circulation in the city and county in which said assets are located and at least ten (10) days prior to such sale. In the event of such auction, all sales shall be for cash, and the Members shall have the right to bid thereon.

10.4 Compensation and Reimbursement. The Class A Members or President acting as liquidator of the Company's assets shall be entitled to reimbursement for out-of-pocket expenses incurred and reasonable compensation (in an amount determined by one hundred percent (100%) (excluding any Members acting as liquidator) of the Percentage Interests owned by Non-Defaulting Class A Members) for services rendered in connection with the winding up and liquidation of the Company. Such reimbursement shall be paid as an expense of the Company after all debts to third parties have been repaid or adequately provided for but before any repayment of liens or advances by the Members.

10.5 Articles of Termination. When all debts, liabilities and obligations have been paid and discharged or adequate provisions have been made therefore and all of the remaining Company Assets have been distributed to the Members, Articles of Termination shall be executed and filed with the Arizona Corporation Commission.

10.6 Return of Contribution Non-recourse to Other Members. Except as provided by law, upon dissolution, each Member shall look solely to the Company Assets for the return of its Capital Contribution. If the Company property remaining after the payment or discharge of the debts and liabilities of the Company is insufficient to return the cash or other property contribution of one or more Members, such Members shall have no recourse against any other Member.

#### ARTICLE XI NO PARTITION

11.1 Waiver of Partition. Each Member hereby waives any right to partition or the right to take any other action which might otherwise be available to such Members for the purpose of severing its relationship with the Company or its interest in the Company Assets held by the Company from the interest of the other Members until the dissolution of the Company. Each Member specifically agrees not to institute any action therefore and each Member agrees that this Section 11.1 may be pled as a bar to the maintenance of any such action. A violation of this provision shall entitle the non-violating Members to collect, from the Members violating this provision, reasonable attorney's fees, costs and other damages those non-violating Members and the Company incur in connection therewith.

#### ARTICLE XII GENERAL

12.1 Notices. All notices and other communication required or permitted to be given pursuant to this Agreement shall be in writing and shall be deemed to have been duly given, made and received only when personally delivered against receipt or five (5) days after being (i) sent by telegram or facsimile to an address provided to the Company or (ii) deposited in the United States mails, certified or registered, postage prepaid, return receipt requested, addressed to the addressee at its address as shown from time to time in the records of the Company. Any Members may change the address to which communications

are to be sent by giving notice of such change of address to the other Members in conformity with the provisions of this Section 12.1.

12.2 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and permitted assigns.

12.3 Controlling Law. This Agreement shall be governed by, interpreted and construed in accordance with the laws of the State of Arizona.

12.4 Provisions Severable. If any provision of this Agreement shall be or shall become illegal or unenforceable in whole or in part, for any reason, the remaining provisions shall not be affected thereby but shall be deemed valid, binding and enforceable to the greatest extent permitted by law.

12.5 Indulgences Not Waivers. Neither the failure nor any delay on the part of any party to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of any other right, remedy, power or privilege with respect to any occurrence or be construed as a waiver of such right, remedy power or privilege with respect to any subsequent occurrence.

12.6 Gender. Words used herein, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires.

12.7 Execution in Counterparts. This Agreement may be executed in any number of original or electronic counterparts, all of which taken together shall constitute one and the same instrument.

12.8 Amendment. This Agreement may be amended only by an agreement in writing executed by all Members.

12.9 Attorney's Fees. If any party institutes a suit or other proceeding against any other party in any way connected with this Agreement or its enforcement, the prevailing party to any such action shall be entitled to recover from the other party reasonable attorney's fees (not to exceed the actual attorney's fees incurred), witness fees and expenses and court costs in connection with said suit or proceeding at both trial and appellate levels, regardless of whether any such action or proceeding is prosecuted to judgment.

12.10 Number of Days. Unless the subject provision references "business days," in computing the number of days for purposes of this Agreement, all days shall be counted, including Saturdays, Sundays, and holidays; provided however, that if the final day of any time period falls on a Saturday, Sunday or recognized United States holiday, then the final day shall be deemed to be the next date which is not a Saturday, Sunday, or holiday. If the subject provision references "business days," then in computing the number of days for purposes of this Agreement, all days shall be counted except Saturdays, Sundays, and holidays.

12.11 Captions. Captions are not intended to convey any meaning or be a part of this Agreement but are merely used for assistance in identifying paragraphs and Sections.

[Signatures on Following Page]

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IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the day and year first above written.

**Managers:**

\_\_\_\_\_  
Richard C. Harkins

\_\_\_\_\_  
George T. Simmons

\_\_\_\_\_  
Bruce Orr

\_\_\_\_\_  
Robert J. Kerrigan

**Members:**

\_\_\_\_\_  
Richard C. Harkins

\_\_\_\_\_  
George T. Simmons

\_\_\_\_\_  
Bruce Orr

\_\_\_\_\_  
Robert J. Kerrigan

\_\_\_\_\_  
Kelly Bair

\_\_\_\_\_  
Rodney and Melissa Eaves

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**SCHEDULE "1"**

Holder	Class Of Ownership	Percentage Ownership of Class A Units	Percentage Ownership of Class B Units	Class A Ownership as a % of the Company	Class B Ownership as a % of the Company	Percentage Ownership of the Company
Richard Harkins						
[REDACTED] AZ	A	22.73%		20.45%	0.00%	20.45%
George T. Simmons II						
[REDACTED] AZ	A	13.64%		12.27%	0.00%	12.27%
Bruce Orr						
c/o Net Development						
[REDACTED] CA	A	4.55%		4.09%	0.00%	4.09%
Robert J. Kerrigan						
[REDACTED] AZ	A	9.09%		8.18%	0.00%	8.18%
Kelly Bair						
[REDACTED] AZ	B		2.00%	0.00%	0.20%	0.20%
Rodney and Melissa Eaves						
[REDACTED] AZ	B		25.00%	0.00%	2.50%	2.50%
Reserved	A	50.00%	73.00%	45.00%	7.30%	52.30%
Totals		100.00%	100.00%	90.00%	10.00%	100.00%

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**Schedule "2"**

**Form of Joinder**

The undersigned hereby executes this Joinder (this "Agreement") to the Amended and Restated Operating Agreement (the "Operating Agreement") of USA Barcelona Realty Advisors, LLC, an Arizona limited liability company, dated as of April 25, 2013, by and among the Members, the Managers and the Company, as may be amended from time to time. Capitalized terms used but not defined in this Agreement shall have the meanings given such terms in the Operating Agreement.

The undersigned hereby acknowledges, agrees and confirms that, by his, her or its execution of this Agreement, the undersigned will be deemed a party to the Operating Agreement and shall have all rights and obligations of a Member thereunder as if the undersigned had executed the Operating Agreement.

\_\_\_\_\_]

Date: \_\_\_\_\_

**Schedule "3"**

**Form of Spousal Consent**

I have read the foregoing Amended and Restated Operating Agreement (the "Operating Agreement") of USA Barcelona Realty Advisors, LLC, an Arizona limited liability company, dated as of April 25, 2013, by and among the Members, the Managers and the Company, as may be amended from time to time. I agree: (a) to be bound by and to comply with all the terms of the Operating Agreement in any matter in which I have a financial interest, including restrictions on the transfer of membership interests, the terms under which interests in the Company may be sold or otherwise transferred, and the liquidation of the membership interests upon the occurrence of specified events; (b) to allow my spouse to have an irrevocable proxy during my lifetime and upon my death to vote the interest in the Company owned by us as community property; and (c) not to devise or bequeath whatever community property interest or quasi-community property interest I may have in the Company in contravention of the Operating Agreement.

\_\_\_\_\_

Date: \_\_\_\_\_

Appendix to  
USA Barcelona Realty Advisors, LLC  
Operating Agreement

**DEFINED TERMS**

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Definitions. Whenever used in this Agreement, the following terms shall have the following meanings:

1. Act means the Arizona Limited Liability Company Act, as the same may be amended from time to time.
2. Additional Capital Contributions means any Capital Contributions to the Company other than Initial Capital Contributions made pursuant to Section 2.1.
3. Additional Member means any Person who is admitted to the Company as an additional member pursuant to this Agreement.
4. Affiliate of any specified Person means (i) any Person directly or indirectly controlling, controlled by or under common control with another Person, (ii) any Person owning or controlling 12% or more of the outstanding voting securities of such other Person, (iii) any officer, director, partner of such Person, and (iv) if such other Person is an officer, director or partner, any Company for which such Person acts in any such capacity. For the purposes of this definition, "control" when used with respect to any specified person means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.
5. Agreed Value means, for each of the Company Assets, such asset's adjusted tax basis, as determined from time to time; provided, that:
  - a. The initial Agreed Value of any asset contributed by a Member to the Company shall be equal to such asset's gross Fair Market Value as of the date of contribution, as reasonably determined by the contributing Member and the Executive Committee, but, in no event, shall the Fair Market Value be less than the outstanding balance of any nonrecourse indebtedness, within the meaning of §7701 of the Code, to which any asset is subject. Thereafter, except as otherwise provided in Paragraph 6(b) or Paragraph 6(c), the Agreed Value of such asset shall be adjusted, from time to time, by the Depreciation deduction, if any, taken into account with respect to such asset;
  - b. The Agreed Values of all Company Assets shall, if elected by the President be initially adjusted to equal their respective gross Fair Market Values, but in no event shall such Fair Market Value be less than the outstanding balance of any nonrecourse indebtedness to which assets are subject, as of the following times:
    - i. The contribution by an existing or Additional Member of money or other property, other than a de minimis amount, to the Company as consideration for the receipt of a Membership Interest greater than the Membership Interest owned by such Member prior to such contribution; or
    - ii. The distribution of money or any such other property, other than a de minimis amount, by the Company to a withdrawing or continuing Member as consideration for the relinquishment of some or all of such Membership Interest; or
    - iii. Upon the Liquidation of the Company;

If the Agreed Values of Company Assets are adjusted pursuant to Paragraph 6(b), thereafter, such Agreed Values shall be adjusted by the Depreciation deductions, if any, taken into account with respect to such assets, and/or shall be otherwise adjusted in accordance with Paragraph 6(b) and/or Paragraph 6(c)

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- c. If there is an adjustment made to the common income tax basis of Company Assets under Code §734 and Regulations §1.734-2(b)(1), which adjustment would cause the adjusted tax basis of such assets to be greater than or less than the adjusted Agreed Values of such assets, determined as of the date of such Code §734 adjustment, without regard to such adjustment made under Code §734, the Agreed Values of the Company Assets which are subject to such basis adjustment, shall be increased, or decreased, to reflect the adjustments made to the adjusted tax basis of such assets pursuant to Code §734, but only to the extent that the adjustments made would increase the adjusted tax basis of such assets to an amount greater than, or would decrease the adjusted tax basis of such assets to an amount less than the adjusted Agreed Values of such assets, determined as of the date of the Code §734 adjustment, without regard to such Code §734 adjustment, but with regard to the other provisions of this Paragraph 6(c). If the Agreed Values of Company Assets are adjusted pursuant to this Paragraph 6(c), thereafter, the Agreed Values shall be adjusted by the Depreciation deductions, if any, taken into account with respect to such assets and/or shall be otherwise adjusted in accordance with Paragraph 6(b). above and/or this Paragraph 6(c).

6. Agreement means this Amended and Restated Operating Agreement, by and among the Members, the Executive Members and the Company, and as may be amended, modified or supplemented from time to time. No other document or oral agreement among the Member shall be treated as part of or superseding this Agreement unless it is reduced to writing and it has been signed by all of the Members.

7. Bankruptcy means as to a Member, the happening of any of the following:

- a. The making by such Member of an assignment for the benefit of creditors;
- b. The filing by such Member of a voluntary petition in bankruptcy or the filing of a pleading in any court of record admitting in writing such Member's inability to pay such Member's debts as they become due;
- c. The entry of an order, judgment or decree by any court of competent jurisdiction adjudicating such Member to be bankrupt or insolvent;
- d. The filing by such Member of a petition or answer seeking for such Member any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation;
- e. The filing by such Member of an answer or other pleading admitting the material allegation of or such Member's consenting to, or defaulting in answering a bankruptcy petition filed against such Member in any bankruptcy proceeding;
- f. The filing by such Member of an application or other pleading or such Member otherwise seeking, consenting to or acquiescing in the appointment of a trustee, receiver or liquidator of such Member or of all or any substantial part of such Member's property;
- g. The commencement of any proceeding against such Member seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation which has not been dismissed for any consecutive period of one hundred twenty (120) days; or
- h. The appointment without the consent or acquiescence of such Member of a trustee, receiver of liquidation of such Member or of all or any substantial part of such Member's hotels without such appointment being vacated or stayed within ninety (90) days or within ninety (90) days after the expiration of any such stay.

8. Capital Account means as of any particular date, the individual capital account, determined and maintained for each Member in accordance with Regulations §1.704-1(b)(2)(iv). For this purpose, except as otherwise provided in Regulations §1.704-1(b)(2)(iv), the Capital Account of each Member shall consist of the amount

of money contributed by the Member to the Company, including Company liabilities assumed by the Member as provided in Regulations §1.704-1(b)(2)(iv)(c), and:

a. Increased by:

- i. The Initial Agreed Value of any asset contributed by the Member to the Company, as determined pursuant to Paragraph A under "Agreed Value" net of liabilities secured by such contributed asset that the Company is considered to assume or take subject to under Code §752; and
- ii. Capital Account credits pursuant to Section 2.3 herein; and
- iii. Allocations to the Member of Company Net Income or items of income or gain thereof, but excluding from this Paragraph 9(a)(ii) income and gain described in Regulations §1.704-1(b)(4)(i); and

b. Decreased by:

- i. The amount of money distributed to the Member by the Company, including liabilities of the Member assumed by the Company as provided in Regulations §1.704-1(b)(2)(iv)(c); and
  - ii. The gross Fair Market Value of any Company Asset distributed to the Member by the Company, as reasonably agreed to by the Member, but in no event shall the gross Fair Market Value of any distributed Company Asset which secures a Nonrecourse Liability of the Company be less than the outstanding balance of such liability, as of the date of distribution and net of liabilities secured by such distributed Company Asset that such Member is considered to assume or take subject to under Code §752; and
  - iii. Allocations to the Member of nondeductible expenditures of the Company described in Code §705(a)(2)(B); and
  - iv. If and to the extent not otherwise includable in allocations described in Paragraph 9(b)(iv) above, allocations to the Member of Company Net Loss or items of expense thereof, but excluding items of loss or deduction described in Regulations §1.704-1(b)(4)(i) and (iii); and
  - v. If and to the extent not otherwise in Paragraphs 9(b)(iii) and 9(b)(iv) above, allocations to the Member of (a) Company Net Loss, or items of expense thereof that are disallowed for federal income tax purposes under Code §267(a)(1) or §707(b), (b) organization expenses of the Company for which an election under Code §709(b) is not in effect, and (c) syndication expenses; and
- c. To the extent that the unrealized income, gain, loss and deduction inherent in any Company Asset distributed or deemed distributed in kind, whether or not distributed in liquidation, has not previously been reflected in the Capital Accounts, the Capital Accounts shall be adjusted to reflect the manner in which the unrealized income, gain, loss and deduction inherent in such asset that has not been reflected previously in the Capital Accounts would have been allocated among the Member under this Agreement immediately preceding such distribution if there had been a taxable disposition of such asset for its Fair Market Value as reasonably agreed to by the Member on the date of its actual or deemed distribution, taking into account Code §7701(g); and
- d. In the event that the Agreed Values of Company Assets are adjusted on the books of the Company as provided in Paragraph (b) of "Agreed Value", the Capital Accounts shall be adjusted to reflect the manner in which the unrealized income, gain, loss or deduction inherent in the Company Assets, to the extent that it has not been previously reflected in the Capital Accounts, would be allocated among all the Members under the terms of this Agreement, assuming that, in the case of an adjustment pursuant to Paragraph (b)(i) or (b)(ii) of "Agreed Value", there was a taxable disposition of such assets immediately

preceding such contribution of money or other property to the Company, or immediately preceding such of money or other property by the Company, or, in the case of an adjustment pursuant to Paragraph (b)(iii) of "Agreed Value", there was a taxable distribution of such assets upon the Liquidation of the Company for such assets' then Agreed Value as determined under Paragraph (b) of "Agreed Value"; and

- e. In the event the Company, in conformity with Regulations §1.704-1(b)(2)(iv) as provided in "Agreed Value", has a Company Asset with an Agreed Value greater than or less than its adjusted tax basis, the Capital Accounts shall be adjusted in accordance with Regulations §1.704-1(b)(2)(iv)(g) for allocations to them of Depreciation, as computed with respect to such asset and allocations to them of gain or loss as computed with respect to such asset by reference to the adjusted Agreed Value of such asset and not by reference to such asset's adjusted tax basis, as provided by Paragraph (a)(ii), (b)(iii), (b)(iv), and (b)(v) above; and
  - f. To the extent that an adjustment to the adjusted tax basis of any Company Asset pursuant to Code §734(b), Code §732(d), or Code §743(b) is required under Regulations §1.704-1(b)(2)(iv)(m) to be taken into account in determining Capital Accounts, the Capital Accounts shall be adjusted as and to the extent required by such section of the Regulations; and
  - g. Shall be otherwise adjusted in accordance with the rules set forth in Regulations §1.704-1(b)(2)(iv).
    - 1. Upon the transfer of all or a part of a Membership Interest, the Capital Account of the transferor Member that is attributable to the transferred Membership Interest shall be carried over to, and become the Capital Account of, the transferee Member. If the transfer of a Membership Interest causes a termination of the Company under Code 708(b)(1)(B) the Capital Account that carries over to the transferee Member will be adjusted in accordance with Regulations §1.704-1(b)(2)(iv)(e), and the constructive reformation of the Company will, for purposes of this definition of "Capital Account" and the definition of "Agreed Value" above, be treated as the formation of a new limited liability Company, and the Capital Accounts of the transferee Member and the remaining Member will be determined and maintained accordingly.
    - 2. The foregoing provisions relating to the definition of Capital Accounts are intended to comply with Regulations §1.704-1(b) and shall be interpreted and applied, and if necessary, modified by the Executive Committee (provided there is no material effect on the distributions to Member's under Article X of this Agreement upon dissolution of the Company), in a manner consistent with such Regulation.
9. Capital Account or Capital Contributions Account means the Capital Account of each Member described in Article II, adjusted as follows:
- a. Increased by any Additional Capital Contributions; and
  - b. Decreased by any distributions.
10. Capital Contribution means the total amount of cash and the Agreed Value of property contributed to the capital of the Company as an initial Capital Contribution or an Additional Capital Contribution net of the liabilities secured by such contributed property that the Company is considered to assume or take subject to under Code §752.
11. Class A Member means the Members owning Class A Units.
12. Class A Unit means the Units issued to a Class A Member pursuant to this Agreement.
13. Class B Member means the Members owning Class B Units.

14. Class B Unit means the Units issued to a Class B Member pursuant to this Agreement.
15. Code means the Internal Revenue Code of 1986 (or any successor), as amended from time to time.
16. Company means USA Barcelona Realty Advisors, LLC
17. Company Assets means, at any particular time, the **[Property]** and any other assets or property, tangible or intangible, choate or inchoate, fixed or contingent, of the Company.
18. Company Minimum Gain means minimum gain of the Company as defined in Regulations §1.704-2(b)(2) and determined in accordance with Regulations §1.704-2(d) and §1.704-2(g)(3).
19. Contribution Loan has the meaning set forth in Section 7.1.
20. Cumulative Priority Distribution means a \$12,500 annual Distribution payable at the discretion of the Company to each Class B Unit.
21. Defaulting Member means any Member who has caused a Monetary Default or a Non-Monetary Default which remains uncured under this Agreement. All other Members are Non-Defaulting Members.
22. Depreciation means for each Fiscal Year or other relevant period, an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect to an Company Asset for such year or other period for federal income tax purposes, except that, if the Agreed Value of any Company Asset differs from its adjusted basis as computed for federal income tax purposes, except as may be otherwise required by Regulations §1.704-1(b)(2)(iv)(g). Depreciation with respect to any such Company Asset shall be an amount which bears the same ratio to the Agreed Value of such Company Asset as of the first day of each such year or other period as the depreciation, amortization or other cost recovery deduction computed with respect to such Company Asset for federal income tax purposes for such year or other period bears to such Company Asset's adjusted tax basis as of the first day of such year or other period; provided, that, if any Company Asset with an Agreed Value different than its adjusted tax basis, and which is otherwise subject to the allowance for depreciation, has a zero adjusted tax basis as determined as of the first day of such year or other period, Depreciation with respect to such Company Asset may be determined under any reasonable method selected by the Executive Committee.
23. Fair Market Value means, with respect to any asset or property, the fair market value thereof as determined in good faith by the affected parties. If the affected parties are unable to agree upon an amount, then upon the request of any of the affected parties, the fair market value shall be determined by appraisal. If the fair market value of any real property is to be determined by appraisal, the affected parties shall agree upon a single independent M.A.I. appraiser to determine the value. If the affected parties are unable to agree upon an appraiser within ten (10) calendar days, then upon the request of any affected party, the appraiser shall be selected by the Presiding Judge of the Superior Court of Maricopa County, Arizona. The selected appraiser must have at least ten (10) years experience in appraising parcels of real property in Maricopa County, Arizona.
24. Fiscal Year means the accounting year of the Company ending December 31 of each year, unless the Executive Committee otherwise establishes a different year.
25. Full-Time Service for Executive Members is set by Company policy and may be changed from time to time at the discretion of the Executive Committee. As of the Effective Date, Full-Time Service for Executive Members is to prepare for and participate in all weekly, monthly, quarterly and annual scheduled meetings as established by the Executive Committee and any other teleconference meeting called by the Executive Committee or an Executive Member wherein no less than a three (3) day notice is given to the Executive Committee and each other Executive Member of such meeting. The intent in establishing the parameters of Full-Time Service is to assure that the Company's business is a high priority for each Executive Member.

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26. Initial Capital Contribution means the amount (exclusive of Additional Capital Contributions) which a Member actually pays as a Capital Contribution to the Company, whether in cash or by the transfer of assets to the Company.
27. Liquidation means the earlier of the date upon which the Company is considered to be terminated under Code §708(b)(1) or upon which the Company ceases to be a going concern.
28. Majority-In-Interest means a simple majority of a Class of Members in the Company.
29. Member means each Person who becomes a Member under the terms of this Agreement and each Person who may become an Additional Member or Substituted Member. For the avoidance of doubt, the Executive Members are also Members.
30. Member Nonrecourse Debt means a Nonrecourse Liability as defined in Regulations §1.704-2(b)(4).
31. Member Nonrecourse Debt Minimum Gain means minimum gain of a Member as defined in Regulations §1.704-2(i)(2) and determined in accordance with Regulations §1.704-2(i)(3).
32. Membership Interest means a Member's interest in the Company's capital, profits, losses and distributions of the Company, together with any other rights and obligations granted to, or assumed by, a Member under this Agreement, including such Member's Units in the Company.
33. Monetary Default means the failure of a Member to pay when due any Additional Capital Contribution or other sum required to be paid under this Agreement.
34. Net Cash Flow means the gross cash proceeds from Company operations from whatever source derived, including without limitation gross cash proceeds from the sale, exchange, or other disposition, or refinancing of Company Assets either in or outside the ordinary course of Company business, reduced by such other amounts determined by the Member to be used to pay, or establish reserves for, any other Company expenses, principal and interest payments on Company indebtedness including without limitation, working capital loans but not including Executive Member Loans, Member Loans, capital improvements, replacements, and contingencies, and increased by any reductions of previously established reserves reasonably determined by the Member to no longer need to be held in reserve and to be available for distribution.
35. Net Income and Net Loss of the Company or items thereof shall, for each Fiscal Year or other relevant period of the Company, be an amount equal to the Company's taxable income or loss for such period, as determined for federal income tax purposes in accordance with the accounting method followed by the Company and in accordance with Code §703, and for this purpose, all items of income, gain, loss or deduction required to be separately stated pursuant to Code §703(a)(1) shall be included in taxable income or loss, subject to the following modifications:
- a. Any income of the Company that is exempt from federal income tax, including without limitation, interest income which is exempt from tax under Code §103, and the proceeds of insurance policies which are exempt from income under Code §101, and not otherwise taken into account in computing Net Income and Net Loss pursuant to this definition, shall be added to such taxable income or loss;
  - b. Any expenditures of the Company described in Code §705(a)(2)(B), including without limitation, expenses and interest to which Code §265 applies, and insurance premiums which are nondeductible pursuant to Code §264 or treated as Code §705(a)(2)(B) expenditures pursuant to Regulations §1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Net Income or Net Loss pursuant to this definition, including without limitation, syndication expenses, shall be subtracted from such taxable income or loss; and
  - c. If the Agreed Value of any Company Asset differs from its adjusted tax basis for federal income tax purposes, Net Income and Net Loss of the Company shall be determined in conformity with this

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Agreement and applicable Treasury Regulations, by reference to the Depreciation deductions, if any, allowable with respect to such Company Asset, and by the gain or loss attributable to such asset as computed by reference to such Company Asset's Agreed Value and not, if different, by reference to such Company Asset's adjusted tax basis.

36. Non-Contributing Member has the meaning set forth in Section 7.1.
37. Non-Defaulting Members means any Member that is not a Defaulting Member.
38. Non-Monetary Default means the failure of a Member to cure any material default under this Agreement (other than a Monetary Default, for which there is no curative period) within thirty (30) days after delivery of a written notice of default from either the President or another Member, which notice shall set forth in detail the nature of the alleged default; provided that if the default cannot reasonably be cured within such thirty (30) day period, the period will be extended, provided that the curative performance was begun within a reasonable time, not to exceed ten (10) days, after the delivery of the notice of default, and is diligently pursued thereafter. Without intending to limit the generality of the foregoing, the following are included within the definition of a Non-Monetary Default:
- a. Attempted dissolution of the Company by any Member other than pursuant to the provisions of this Agreement;
  - b. Attempted partitioning of the assets of the Company;
  - c. Withdrawal as a Member without the consent of all other Member;
  - d. Attempted or actual assignment or transfer of a Membership Interest other than pursuant to the provisions of this Agreement.
39. Nonrecourse Deductions means depreciation or cost recovery deductions, and if necessary, a pro rata portion of other Company losses, deductions, and Code Section 705(a)(2)(B) expenditures in the amount determined in accordance with Regulations §1.704-2(c) and in the order determined in accordance with Regulations §1.704-2(j)(2).
40. Percentage Interest means the percentage interest of each Member in this Company set forth in Schedule 1.
41. Person means any individual and any legal entity, and their respective heirs, executors, administrators, legal representatives, successors, and assigns.
42. Prime Rate means the rate of interest, as of the first business day of each month, designated in the "Money Rates" Section of the Wall Street Journal as the "prime rate" or if the Wall Street Journal ceases quoting a Prime Rate, the rate of interest charged by Bank One to its largest and most credit-worthy commercial borrowers for unsecured loans maturing in ninety (90) days, but in no event in excess of the highest legal rate in Arizona.
43. Proper Officer(s) means the President, and such other Persons to whom the Executive Committee delegates authority and duties to conduct the business and affairs of the Company.
44. Regulations mean the regulations promulgated by the Department of the Treasury under the Code. Where followed by the symbol "\$," such reference shall be to the particular section of the Regulations promulgated under the Code. Where preceded by the symbol "\$" and a Code number, such reference shall be to the Regulations promulgated under that particular section of the Code.
45. Unit means a unit of measurement the Company will use for purposes of determining a Member's Percentage Interest at any point in time and for purposes of determining voting rights.
46. Withdrawal Event means any of those events and circumstances listed in Section 29-733 of the Act.

**ACC000813**  
FILE #8503

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EXHIBIT C – STATEMENT OF FINANCIAL POSITION

---

USA Barcelona Realty Advisors  
Statement Of Financial Position  
March 31, 2013

Assets

Cash	\$ 165,000
Capitalized Costs	1,652,000
Subscriptions Receivable - 12-6-12 Offering Second Amendment dated 4-29-2012	730,000
Receivable - Advances to USA Barcelona Realty	<u>211,000</u>
Total Assets	<u>\$ 2,758,000</u>

Liabilities

Accounts Payable	\$ 4,500
Unfunded Forward Commitments for Advances to USA Barcelona Realty	210,000
Member Loans Payable	<u>310,000</u>
Total Liabilities	<u>\$ 524,500</u>

Members Equity

Addition Paid-in Capital	\$ 1,959,500
Class A Member	4,000
Class B Member	<u>270,000</u>
Total Member Equity	<u>\$ 2,233,500</u>

<u>Total Liabilities &amp; Members Equity</u>	<u>\$ 2,758,000</u>
---	---------------------

Exhibit C to the Offering has been prepared by the Company and has not been reviewed by any independent party.

ACC000815  
FILE #8503

**Exhibit D – FORECAST – MAY 1, 2013 THROUGH DECEMBER 31, 2014 OPERATING BUDGET**

**USA Barcelona Realty Advisors**

**Summary - Budget Forecast**

	2013	2014
<b>Sources Of Funds</b>		
Fees & Reimbursements from USA Barcelona Realty		
Beginning Cash	\$ 1,000	\$ 104,928
Advisors \$1MM 12-6-12 Offering	1,000,000	-
Acquisition Fee	377,816	3,744,000
Expense Reimbursements	441,076	126,077
Asset Management Fee	375,000	1,090,569
Reimbursement For Pre-formation Work	512,096	-
Investment Offering Marketing Expense Reimbursement	316,542	1,083,458
Common Stock Dividends	-	400,000
Liquidation Distribution	-	-
Executive Member Loans	60,000	-
Total Sources Of Funds	\$ 3,083,531	\$ 6,549,032
<b>Uses Of Funds</b>		
Company Overhead		
Staff	\$ 606,375	\$ 1,625,950
Office Overhead	265,477	303,575
Outside Consultants & Related Exps; Capitalization Costs	732,542	1,203,458
Total Company Overhead	1,604,394	3,132,983
Payment On Loans And Advances	806,653	1,987,558
Capital Investments - Exercise of options for USA Barcelona Stock	34,286	265,714
Advances to USA Barcelona Realty	520,769	-
Class B Members	12,500	50,000
Total Uses	2,978,602	5,436,255
Net Cash Flow	\$ 104,928	\$ 1,112,777

Exhibit D to the Offering has been prepared by the Company and has not been reviewed by any independent party.

**ACC000816**  
FILE #8503

ACC000817  
FILE #8503

ACC000818  
FILE #8503



USA Barcelona  
Realty Advisors

ACC000819  
FILE #8503

AFFIDAVIT OF CUSTODIAN OF RECORDS

STATE OF WISCONSIN )  
County of RACINE ) ss.  
 )

The undersigned hereby declares, under oath, that the following statements are true:

1. I am over the age of eighteen, have personal knowledge of the facts set forth below, and am competent to testify.
2. I am the duly authorized Custodian of Records of JOHNSON BANK.
3. I have the authority to certify said records.
4. The records submitted herewith are true copies of all records under my possession or control responsive to the Subpoena directed to the Custodian of Records of the entity identified in paragraph 2 above.
5. The records were prepared or obtained by personnel or representatives of the entity or persons acting under the control of personnel or representatives of the entity identified in paragraph 2 above in the ordinary course of business at or near the time of the act, condition, or event in said records.
6. The records are kept in the course of regularly conducted business pursuant to the regular practice of the entity identified in paragraph 2 above.

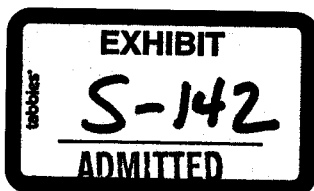
Louise Galdonik  
Custodian of Records

SUBSCRIBED and SWORN to before me this 6 day of April, 2015, by Louise Galdonik

My Commission Expires:  
11-13-2016

(seal)

Roseann M. Beggi  
NOTARY PUBLIC



ACC001129  
FILE #8503





P.O. Box 547  
Racine, WI 53401-0547

Page: 1  
XXXXXX3203  
(0)



000280 MJD020603 000000000  
BARCELONA ADMINISTRATION COMPANY LLC  
7025 N SCOTTSDALE SUITE 160  
SCOTTSDALE AZ 85253

Last statement: April 30, 2013  
This statement: May 31, 2013  
Total days in statement period: 31

Johnson Bank  
8700 N Gainey Center Dr  
Scottsdale AZ 85258  
johnsonbank.com

Johnson Bank values our relationship with you. Whether your needs involve banking, investments, insurance or trust, we want to do more for you by offering the best products and services to meet your financial goals.

For personal assistance, call: Jodie H Williams, 480-367-2742

**Summary of Account Balances**

XXXXXX3203	Small Business Solutions	\$	81,573.40
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**Small Business Solutions**

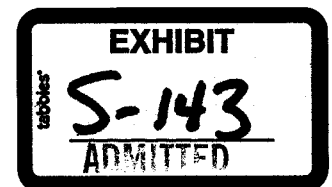
Account: XXXXXX3203

**Statement Period from 04-30-13 through 05-31-13**

Starting Balance		20,435.78
Deposits	+	100,050.00
Checks & Withdrawals	-	38,912.38
Service Fees	-	.00
Ending Balance	=	81,573.40

**Deposits**

Date	Description	Amount
05-31	Incoming Wire WIRE/IN- [REDACTED] 1004 05;ORG ROBERTA L B URLESON;REF 000635 3150325091	100,000.00
05-31	Deposit	50.00



ACC001134  
FILE #8503

**To help  
Balance  
Your  
Account**

**How to balance your statement**

1. Add to your register balance any automatic deposit and any interest paid.
2. Subtract the monthly service charge and any other charges not previously deducted from your balance.
3. List and add the amount of all deposits entered in your register that are not shown on your statement.
4. List and subtract any checks/withdrawals you have issued which have not been paid.
5. Calculate your adjusted balance in each column.
6. If the adjusted statement balance and the adjusted register balance are the same, your account is in balance.

Your register balance		Ending balance on statement	
①		③	
Add interest credited and other increases (+)		Add deposits made but not shown on this statement (+)	
Subtotal		Subtotal	
②		④	
Subtract service charge and other deductions (-)		Subtract checks outstanding (if checking account) and withdrawals not shown (-)	
Adjusted register balance		Adjusted statement balance	

**If your adjusted register and bank statement balances do not agree**

1. Review last month's statement to make sure any differences were corrected.
2. Check additions and subtractions in your register.
3. Compare the amount of each check and deposit with the amount recorded in your register and on this statement.
4. Make sure all outstanding checks/withdrawals have been listed.
5. Make sure that each paid check/withdrawal you received with your statement has been recorded in your register.
6. Make sure that all electronic fund transfers (if any) are listed.

**In Case Of  
Errors Or  
Questions  
About  
Electronic  
Transfers**

If you think your statement or receipt is wrong, or if you need more information about a transfer listed on this statement or receipt please telephone or write us using the telephone number or address listed on the front of this statement as soon as possible. We must hear from you no later than 60 days after we send you the FIRST statement on which the problem or error appeared.

1. Tell us your name and account number.
2. Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information.
3. Tell us the dollar amount in question.

If you tell us orally, we may require that you send us your complaint or question in writing within 10 business days.

We will determine whether an error occurred within 10 days after we hear from you and will correct any error promptly. If we need more time, however, we may take up to 45 days to investigate your complaint or question. If we decide to do this, we will credit your account within 10 business days for the amount you think is in error, so that you will have the use of the money during the time it takes us to complete our investigation. If we ask you to put your complaint or question in writing and we do not receive it within 10 business days, we may not credit your account.

The 10-day periods in the preceding paragraph may be extended to 20 business days if the error involves a transfer to or from the account within 30 days after the first deposit to the account was made.

If the error involves an electronic transfer from your account to buy goods or services, or a transfer initiated outside of the United States or a transfer that occurred within 30 days after the first deposit to the account was made, the time period for investigation of an alleged error will be 90 days in place of 45 days.

We will tell you the results within 3 business days after completing our investigation. If we decide that there was no error, we will send you a written explanation.

You may ask for copies of the documents that we used in our investigation.

**ACC001135**  
**FILE #8503**

BARCELONA ADMINISTRATION COMPANY LLC  
May 31, 2013

Page: 3  
XXXXXX3203

### Withdrawals

Date	Description	Amount
05-03	ATM Withdrawal Jb CASH WITHDRAWAL TERMINAL T28889 8700 NORTH GAINEY CENTERS SCOTTSDAL AZ XXXXXXXXXXXX6722	500.00
05-07	Debit Card Purchase MERCHANT PURCHASE TERMINAL 313301 OFFICE MAX 10100 N ORTH 9 SCOTTSDAL AZ XXXXXXXXXXXX6722	55.87
05-08	POS (Pin) POS PURCHASE TERMINAL 33806697 USPS 0376620632 SCOTTSDAL AZ XXXXXXXXXXXX6722	6.64
05-08	Preauth ACH Debit HARLAND CLARKE CHK ORDER 130508	45.63
05-08	Preauth ACH Debit HARLAND CLARKE CHK ORDER 130508	45.63
05-31	Direct S/C INCOMING WIRE	15.00

### Checks

(\* Skip in check sequence, R-Check has been returned, + Electronified check)

Date	Number	Amount	Date	Number	Amount	Date	Number	Amount
05-06	992	1,890.41	05-06	1001	690.39	05-17	1005	492.40
05-02	*997	1,425.00	05-10	1002	1,000.00	05-28	1006	690.39
05-03	*999	84.16	05-16	1003	2,500.00	05-31	1007	20,000.00
05-07	1000	6,220.86	05-17	1004	3,250.00			

### Daily Account Balance

Date	Balance	Date	Balance	Date	Balance
04-30	20,435.78	05-07	9,569.09	05-17	2,228.79
05-02	19,010.78	05-08	9,471.19	05-28	1,538.40
05-03	18,426.62	05-10	8,471.19	05-31	81,573.40
05-06	15,845.82	05-16	5,971.19		



ACC001136  
FILE #8503



P.O. Box 547  
Racine, WI 53401-0547

Page: 1  
XXXXXX3203  
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006170 MJB010801 000000000  
USA BARCELONA REALTY ADVISORS, LLC  
7025 N SCOTTSDALE SUITE 160  
SCOTTSDALE AZ 85253

Last statement: June 30, 2013  
This statement: July 31, 2013  
Total days in statement period: 31

Johnson Bank  
8700 N Gainey Center Dr  
Scottsdale AZ 85258  
www.johnsonbank.com

Are you doing everything you can to protect your accounts from ACH and check fraud? Talk to a Johnson Bank Treasury Management advisor today to learn more about our new, easy-to-use Positive Pay solution.

For personal assistance, call: Jodie H Williams, 480-367-2742

**Summary of Account Balances**

XXXXXX3203	Small Business Solutions	\$	268,539.54
------------	--------------------------	----	------------

**Small Business Solutions**

Account: XXXXXX3203

**Statement Period from 06-30-13 through 07-31-13**

Starting Balance		52,646.08
Deposits	+	400,000.00
Checks & Withdrawals	-	184,106.54
Service Fees	-	.00
Ending Balance	=	268,539.54

**Deposits**

Date	Description	Amount
07-02	Incoming Wire WIRE/IN-████████3002 97;ORG RICHARD J W OODS, 304 W VISTA AVE, P	100,000.00
07-05	Incoming Wire WIRE/IN-████████6004 50;ORG CAROLIN GRO UP LLC	25,000.00
07-18	Incoming Wire WIRE/IN-████████9004 34;ORG RODNEY L EA VES	250,000.00
07-30	Incoming Wire WIRE/IN-████████1005 55;ORG CAROLIN GRO UP LLC;OBI KATHLEE N CAROLIN	25,000.00



ACC001141  
FILE #8503



**To help  
Balance  
Your  
Account**

**How to balance your statement**

1. Add to your register balance any automatic deposit and any interest paid.
2. Subtract the monthly service charge and any other charges not previously deducted from your balance.
3. List and add the amount of all deposits entered in your register that are not shown on your statement.
4. List and subtract any checks/withdrawals you have issued which have not been paid.
5. Calculate your adjusted balance in each column.
6. If the adjusted statement balance and the adjusted register balance are the same, your account is in balance.

Your register balance		Ending balance on statement	
①		③	
Add interest credited and other increases (+)		Add deposits made but not shown on this statement (+)	
Subtotal		Subtotal	
②		④	
Subtract service charge and other deductions (-)		Subtract checks outstanding (if checking account) and withdrawals not shown (-)	
Adjusted register balance		Adjusted statement balance	

**If your adjusted register and bank statement balances do not agree**

1. Review last month's statement to make sure any differences were corrected.
2. Check additions and subtractions in your register.
3. Compare the amount of each check and deposit with the amount recorded in your register and on this statement.
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6. Make sure that all electronic fund transfers (if any) are listed.

**In Case Of  
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About  
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If you think your statement or receipt is wrong, or if you need more information about a transfer listed on this statement or receipt please telephone or write us using the telephone number or address listed on the front of this statement as soon as possible. We must hear from you no later than 60 days after we send you the FIRST statement on which the problem or error appeared.

1. Tell us your name and account number.
2. Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information.
3. Tell us the dollar amount in question.

If you tell us orally, we may require that you send us your complaint or question in writing within 10 business days.

We will determine whether an error occurred within 10 days after we hear from you and will correct any error promptly. If we need more time, however, we may take up to 45 days to investigate your complaint or question. If we decide to do this, we will credit your account within 10 business days for the amount you think is in error, so that you will have the use of the money during the time it takes us to complete our investigation. If we ask you to put your complaint or question in writing and we do not receive it within 10 business days, we may not credit your account.

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We will tell you the results within 3 business days after completing our investigation. If we decide that there was no error, we will send you a written explanation.

You may ask for copies of the documents that we used in our investigation.

### Withdrawals

Date	Description	Amount
07-01	Debit Card Purchase MERCHANT PURCHASE TERMINAL 400175 VILLAGE TAVERN 8 SCOTTSDAL AZ XXXXXXXXXXXX6722	59.17
07-02	Direct S/C INCOMING WIRE	15.00
07-03	Debit Card Purchase MERCHANT PURCHASE TERMINAL 449215 TALKING STICK GOLF CLUB SCOTTSDAL AZ XXXXXXXXXXXX6722	32.99
07-05	Direct S/C INCOMING WIRE	15.00
07-05	Debit Card Purchase MERCHANT PURCHASE TERMINAL 424651 BLIMPIE 12197 SCOTTSDAL AZ XXXXXXXXXXXX6722	32.49
07-09	Preauth ACH Debit PAYROLL SERVICE 3SXZ 130709 3SXZ 3SXZ	6,189.87
07-09	Preauth ACH Debit PHOENIX NEWS INC CONSSTMT 8541572-5	3,250.00
07-10	Preauth ACH Debit CONEXIS WEB PMTS 130710	885.43
07-15	Debit Card Purchase MERCHANT PURCHASE TERMINAL 449280 ARIZONA CORP COMM 602 54210 AZ XXXXXXXXXXXX6722	45.00
07-15	Debit Card Purchase MERCHANT PURCHASE TERMINAL 471705 LAUBERGE DE SEDONA SEDONA AZ XXXXXXXXXXXX6722	2,500.00
07-16	Debit Card Purchase MERCHANT PURCHASE TERMINAL 313301 OFFICE MAX 10100 N ORTH 9SCOTTSDAL AZ XXXXXXXXXXXX6722	47.49
07-16	Preauth ACH Debit PHOENIX NEWS INC CONSSTMT 8544243-5	3,250.00
07-18	Direct S/C INCOMING WIRE	15.00
07-18	Debit Card Purchase MERCHANT PURCHASE TERMINAL 443106 DON CHARLIES SCOTTSDAL AZ XXXXXXXXXXXX6722	179.18
07-18	Debit Card Purchase MERCHANT PURCHASE TERMINAL 442733 PARADISE BAKERY CAFE SCOTTSDAL AZ XXXXXXXXXXXX6722	77.25

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**Withdrawals (cont.)**

Date	Description	Amount
07-22	Debit Card Purchase MERCHANT PURCHASE TERMINAL 401339 BAMBOO CLUB SCOTTSDAL AZ XXXXXXXXXXXX6722	63.05
07-22	Debit Card Purchase MERCHANT PURCHASE TERMINAL 449215 TALKING STICK GOLF CLUB SCOTTSDAL AZ XXXXXXXXXXXX6722	97.16
07-22	Debit Card Purchase MERCHANT PURCHASE TERMINAL 449215 TALKING STICK GOLF CLUB SCOTTSDAL AZ XXXXXXXXXXXX6722	134.57
07-23	Preauth ACH Debit PHOENIX NEWS INC CONSSTMT 8546861-5	3,250.00
07-25	Preauth ACH Debit PAYROLL SERVICE 3SXZ 130725 3SXZ 3SXZ	6,239.88
07-29	Debit Card Purchase MERCHANT PURCHASE TERMINAL 412942 SCOTTSDALE PLAZA R ESTA SCOTTSDAL AZ XXXXXXXXXXXX8744	65.49
07-29	Debit Card Purchase MERCHANT PURCHASE TERMINAL 471705 LAUBERGE DE SEDONA SEDONA AZ XXXXXXXXXXXX6722	2,500.00
07-29	Debit Card Purchase MERCHANT PURCHASE TERMINAL 449215 TALKING STICK GOLF CLUB SCOTTSDAL AZ XXXXXXXXXXXX8744	97.16
07-29	Debit Card Purchase MERCHANT PURCHASE TERMINAL 449215 TALKING STICK GOLF CLUB SCOTTSDAL AZ XXXXXXXXXXXX8744	14.25
07-30	Direct S/C INCOMING WIRE	15.00
07-30	Preauth ACH Debit PHOENIX NEWS INC CONSSTMT 8549843-5	1,500.00
07-31	Debit Card Purchase MERCHANT PURCHASE TERMINAL 471705 LAUBERGE DE SEDONA SEDONA AZ XXXXXXXXXXXX6722	2,500.00
07-31	Debit Card Purchase MERCHANT PURCHASE TERMINAL 475542 LONS AT THE HERMOS A PARADISE AZ XXXXXXXXXXXX8744	204.75

USA BARCELONA REALTY ADVISORS, LLC  
July 31, 2013

Page: 5  
XXXXXX3203

### Checks

(\* Skip in check sequence, R-Check has been returned, + Electronified check)

Date	Number	Amount	Date	Number	Amount	Date	Number	Amount
07-02	1106	50,000.00	07-03	1113	500.00	07-15	*1122	100.00
07-01	1107	255.30	07-02	1114	1,831.49	07-18	1123	300.00
07-10	1108	1,584.78	07-01	1115	2,575.83	07-18	1124	1,000.00
07-05	1109	6,011.53	07-01	1116	20,000.00	07-19	*1126	594.27
07-09	1110	149.00	07-08	1117	6,099.16	07-17	1127	500.00
07-09	1111	7,500.00	07-08	1118	250.00	07-26	*1129	50,000.00
07-11	1112	580.00	07-02	1119	1,000.00			

### Daily Account Balance

Date	Balance	Date	Balance	Date	Balance
06-30	52,646.08	07-10	69,409.04	07-22	309,926.07
07-01	29,755.78	07-11	68,829.04	07-23	306,676.07
07-02	76,909.29	07-15	66,184.04	07-25	300,436.19
07-03	76,376.30	07-16	62,886.55	07-26	250,436.19
07-05	95,317.28	07-17	62,386.55	07-29	247,759.29
07-08	88,968.12	07-18	310,815.12	07-30	271,244.29
07-09	71,879.25	07-19	310,220.85	07-31	268,539.54



ACC001145  
FILE #8503



P.O. Box 547  
Racine, WI 53401-0547



005964 MJBD011101 000000000  
USA BARCELONA REALTY ADVISORS, LLC  
7025 N SCOTTSDALE SUITE 160  
SCOTTSDALE AZ 85253

Page: 1  
XXXXXX3203  
(0)

Last statement: September 30, 2013  
This statement: October 31, 2013  
Total days in statement period: 31

Johnson Bank  
8700 N Gainey Center Dr  
Scottsdale AZ 85258  
www.johnsonbank.com

Johnson Bank values our relationship with you. Whether your needs involve banking, investments, insurance or trust, we want to do more for you by offering the best products and services to meet your financial goals.

For personal assistance, call: Jodie H Williams, 480-367-2742

**Summary of Account Balances**

XXXXXX3203	Small Business Solutions	\$	116,547.05
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**Small Business Solutions**

Account: XXXXXX3203

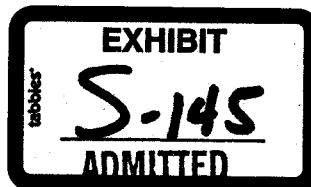
Statement Period from 09-30-13 through 10-31-13

Starting Balance		12,546.51
Deposits	+	220,009.28
Checks & Withdrawals	-	116,008.74
Service Fees	-	.00
Ending Balance	=	116,547.05

**Deposits**

Date	Description	Amount
10-01	Incoming Wire WIRE/IN-████████4003 25;ORG WEALTH LEGA CY CONSULTANTS LLC	25,000.00
10-01	Incoming Wire WIRE/IN-████████4003 26;ORG ROBERT J KE RRIGAN	25,000.00
10-01	Incoming Wire WIRE/IN-████████4003 71;ORG ROBERT J KE RRIGAN;REF 0000680 ████████8293	20,000.00
10-03	Deposit	50,000.00
10-16	Check Card Pur. Rev. MERCHANT REFUND TERMINAL 471705 LAUBERGE DE SEDONA SEDONA AZ XXXXXXXXXXXX6722	9.28
10-22	Incoming Wire WIRE/IN-████████5001 89;ORG RJR GROUP L LC	100,000.00

ACC001160  
FILE #8503



1. Add to your register balance any automatic deposit and any interest paid.
2. Subtract the monthly service charge and any other charges not previously deducted from your balance.
3. List and add the amount of all deposits entered in your register that are not shown on your statement.

4. List and subtract any checks/withdrawals you have issued which have not been paid.
5. Calculate your adjusted balance in each column.
6. If the adjusted statement balance and the adjusted register balance are the same, your account is in balance.

<div> <div>Your register balance</div> </div>		<div> <div>Ending balance on statement</div> </div>	
<div> <div>①</div> </div>		<div> <div>③</div> </div>	
<div> <div>Add interest credited and other increases (+)</div> </div>		<div> <div>Add deposits made but not shown on this statement (+)</div> </div>	
<div> <div>Subtotal</div> </div>		<div> <div>Subtotal</div> </div>	
<div> <div>②</div> </div>		<div> <div>④</div> </div>	
<div> <div>Subtract service charge and other deductions (-)</div> </div>		<div> <div>Subtract checks outstanding (if checking account) and withdrawals not shown (-)</div> </div>	
<div> <div>Adjusted register balance</div> </div>		<div> <div>Adjusted statement balance</div> </div>	

1. Review last month's statement to make sure any differences were corrected.
2. Check additions and subtractions in your register.
3. Compare the amount of each check and deposit with the amount recorded in your register and on this statement.
4. Make sure all outstanding checks/withdrawals have been listed.
5. Make sure that each paid check/withdrawal you received with your statement has been recorded in your register.
6. Make sure that all electronic fund transfers (if any) are listed.

If you think your statement or receipt is wrong, or if you need more information about a transfer listed on this statement or receipt please telephone or write us using the telephone number or address listed on the front of this statement as soon as possible. We must hear from you no later than 60 days after we send you the FIRST statement on which the problem or error appeared.

1. Tell us your name and account number.
2. Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information.
3. Tell us the dollar amount in question.

If you tell us orally, we may require that you send us your complaint or question in writing within 10 business days.

We will determine whether an error occurred within 10 days after we hear from you and will correct any error promptly. If we need more time, however, we may take up to 45 days to investigate your complaint or question. If we decide to do this, we will credit your account within 10 business days for the amount you think is in error, so that you will have the use of the money during the time it takes us to complete our investigation. If we ask you to put your complaint or question in writing and we do not receive it within 10 business days, we may not credit your account.

The 10-day periods in the preceding paragraph may be extended to 20 business days if the error involves a transfer to or from the account within 30 days after the first deposit to the account was made.

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We will tell you the results within 3 business days after completing our investigation. If we decide that there was no error, we will send you a written explanation.

You may ask for copies of the documents that we used in our investigation.

USA BARCELONA REALTY ADVISORS, LLC  
October 31, 2013

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XXXXXX3203

### Withdrawals

Date	Description	Amount
10-01	Direct S/C INCOMING WIRE	15.00
10-01	Direct S/C INCOMING WIRE	15.00
10-01	Direct S/C INCOMING WIRE	15.00
10-02	Debit Card Purchase MERCHANT PURCHASE TERMINAL 412942 SCOTTSDALE PLAZA R ESTA SCOTTSDAL AZ XXXXXXXXXXXX8744	32.11
10-03	Debit Card Purchase MERCHANT PURCHASE TERMINAL 469216 PHX JETBOX REBAR S 3 PHOENIX AZ XXXXXXXXXXXX8744	8.65
10-03	Debit Card Purchase MERCHANT PURCHASE TERMINAL 469216 PHX JETBOX REBAR S 3 PHOENIX AZ XXXXXXXXXXXX8744	12.43
10-03	Debit Card Purchase MERCHANT PURCHASE TERMINAL 490604 DOUBLETREE RESTAUR ANT ONTARIO CA XXXXXXXXXXXX8744	52.80
10-03	Debit Card Purchase MERCHANT PURCHASE TERMINAL 422443 DNC TRAVEL ONTARIO ONTARIO CA XXXXXXXXXXXX8744	35.15
10-03	Debit Card Purchase MERCHANT PURCHASE TERMINAL 422443 DNC TRAVEL ONTARIO ONTARIO CA XXXXXXXXXXXX8744	16.00
10-07	Debit Card Purchase MERCHANT PURCHASE TERMINAL 412942 SCOTTSDALE PLAZA R ESTA SCOTTSDAL AZ XXXXXXXXXXXX8744	103.96
10-07	Debit Card Purchase MERCHANT PURCHASE TERMINAL 412942 SCOTTSDALE PLAZA R ESTA SCOTTSDAL AZ XXXXXXXXXXXX8744	77.67
10-07	Debit Card Purchase MERCHANT PURCHASE TERMINAL 498894 NEWTEK TECHNOLOGY SERVIC602 54941 AZ XXXXXXXXXXXX8744	75.45
10-08	Preauth ACH Debit PAYROLL SERVICE 3SXZ 131008 3SXZ 3SXZ	6,224.52
10-09	Debit Card Purchase MERCHANT PURCHASE TERMINAL 412942 SCOTTSDALE PLAZA R ESTA SCOTTSDAL AZ XXXXXXXXXXXX8744	24.58

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FILE #8503

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**Withdrawals (cont.)**

Date	Description	Amount
10-10	Debit Card Purchase MERCHANT PURCHASE TERMINAL 412942 SCOTTSDALE PLAZA R ESTA SCOTTSDAL AZ XXXXXXXXXXXX8744	62.39
10-10	Debit Card Purchase MERCHANT PURCHASE TERMINAL 475542 LONS AT THE HERMOS A PARADISE AZ XXXXXXXXXXXX8744	72.66
10-10	Debit Card Purchase MERCHANT PURCHASE TERMINAL 475542 LONS AT THE HERMOS A PARADISE AZ XXXXXXXXXXXX8744	174.96
10-11	Debit Card Purchase MERCHANT PURCHASE TERMINAL 412942 SCOTTSDALE PLAZA R ESTA SCOTTSDAL AZ XXXXXXXXXXXX8744	111.66
10-15	Debit Card Purchase MERCHANT PURCHASE TERMINAL 423168 PKF CONSULTING SAN FRANC CA XXXXXXXXXXXX8744	375.00
10-16	Debit Card Purchase MERCHANT PURCHASE TERMINAL 412942 SCOTTSDALE PLAZA R ESTA SCOTTSDAL AZ XXXXXXXXXXXX8744	70.21
10-16	Debit Card Purchase MERCHANT PURCHASE TERMINAL 469216 STAMPS COM 888 434 0 CA XXXXXXXXXXXX6722	15.99
10-17	Debit Card Purchase MERCHANT PURCHASE TERMINAL 412942 SCOTTSDALE PLAZA R ESTA SCOTTSDAL AZ XXXXXXXXXXXX8744	143.59
10-17	Debit Card Purchase MERCHANT PURCHASE TERMINAL 412942 SCOTTSDALE PLAZA R ESTA SCOTTSDAL AZ XXXXXXXXXXXX8744	901.81
10-18	Debit Card Purchase MERCHANT PURCHASE TERMINAL 412942 SCOTTSDALE PLAZA R ESTA SCOTTSDAL AZ XXXXXXXXXXXX8744	76.65
10-18	Debit Card Purchase MERCHANT PURCHASE TERMINAL 449398 Z TEJAS GATEWAY 1 05 PHOENIX AZ XXXXXXXXXXXX8744	21.25
10-21	Debit Card Purchase MERCHANT PURCHASE TERMINAL 412942 SCOTTSDALE PLAZA R ESTA SCOTTSDAL AZ XXXXXXXXXXXX8744	21.41

**Withdrawals (cont.)**

Date	Description	Amount
10-21	Debit Card Purchase MERCHANT PURCHASE TERMINAL 400175 VILLAGE TAVERN 8 SCOTTSDAL AZ XXXXXXXXXXXX8744	145.61
10-22	Direct S/C INCOMING WIRE	15.00
10-23	Debit Card Purchase MERCHANT PURCHASE TERMINAL 475542 HERMOSA INN PARADISE AZ XXXXXXXXXXXX8744	2,500.00
10-25	Debit Card Purchase MERCHANT PURCHASE TERMINAL 412942 SCOTTSDALE PLAZA R ESTA SCOTTSDAL AZ XXXXXXXXXXXX8744	156.74
10-25	Debit Card Purchase MERCHANT PURCHASE TERMINAL 469216 WWW NEWEGG COM 800 390 1 CA XXXXXXXXXXXX8744	79.99
10-25	Debit Card Purchase MERCHANT PURCHASE TERMINAL 469216 WWW NEWEGG COM 800 390 1 CA XXXXXXXXXXXX8744	99.98
10-25	Preauth ACH Debit PAYROLL SERVICE 3SXZ 131025 3SXZ 3SXZ	6,224.53
10-28	Debit Card Purchase MERCHANT PURCHASE TERMINAL 412942 SCOTTSDALE PLAZA R ESTA SCOTTSDAL AZ XXXXXXXXXXXX8744	131.35
10-30	Debit Card Purchase MERCHANT PURCHASE TERMINAL 473309 JERSEY MIKES SUBS 9004 SCOTTSDAL AZ XXXXXXXXXXXX8744	34.90
10-31	Debit Card Purchase MERCHANT PURCHASE TERMINAL 444500 OFFICE MAX SCOTTSDAL AZ XXXXXXXXXXXX8744	51.79

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USA BARCELONA REALTY ADVISORS, LLC  
October 31, 2013

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### Checks

(\* Skip in check sequence, R-Check has been returned, + Electronified check)

Date	Number	Amount	Date	Number	Amount	Date	Number	Amount
10-07	1154	600.00	10-02	1165	5,000.00	10-16	1175	907.53
10-07	1155	7,500.00	10-03	1166	11,150.00	10-15	1176	511.38
10-07	1156	6,164.00	10-07	1167	4,500.00	10-17	1177	6,535.99
10-03	1157	1,500.00	10-03	1168	10,000.00	10-17	1178	904.84
10-03	1158	2,026.00	10-03	1169	323.44	10-14	1179	695.64
10-07	1159	2,992.00	10-04	1170	1,561.10	10-11	1180	254.65
10-14	1160	518.00	10-10	1171	4,200.00	10-17	1181	1,928.15
10-14	1161	723.00	10-22	1172	760.56	10-17	1182	10,000.00
10-11	1162	370.80	10-23	1173	1,582.27	10-30	1183	206.64
10-04	1163	6,011.53	10-18	1174	885.43	10-30	1184	1,000.00
10-03	1164	6,500.00						

### Daily Account Balance

Date	Balance	Date	Balance	Date	Balance
09-30	12,546.51	10-10	55,500.11	10-21	29,390.80
10-01	82,501.51	10-11	54,763.00	10-22	128,615.24
10-02	77,469.40	10-14	52,826.36	10-23	124,532.97
10-03	95,844.93	10-15	51,939.98	10-25	117,971.73
10-04	88,272.30	10-16	50,955.53	10-28	117,840.38
10-07	66,259.22	10-17	30,541.15	10-30	116,598.84
10-08	60,034.70	10-18	29,557.82	10-31	116,547.05
10-09	60,010.12				

ACC001165  
FILE #8503



P.O. Box 547  
Racine, WI 53401-0547

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XXXXXX3203  
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006361 MJB011202 000000000  
USA BARCELONA REALTY ADVISORS, LLC  
7025 N SCOTTSDALE SUITE 160  
SCOTTSDALE AZ 85253

Last statement: October 31, 2013  
This statement: November 30, 2013  
Total days in statement period: 30

Johnson Bank  
8700 N Gainey Center Dr  
Scottsdale AZ 85258  
www.johnsonbank.com

Johnson Bank values our relationship with you. Whether your needs involve banking, investments, insurance or trust, we want to do more for you by offering the best products and services to meet your financial goals.

For personal assistance, call: Jodie H Williams, 480-367-2742

#### Summary of Account Balances

XXXXXX3203	Small Business Solutions	\$	73,237.13
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#### Small Business Solutions

Account: XXXXXX3203

#### Statement Period from 10-31-13 through 11-30-13

Starting Balance		116,547.05
Deposits	+	50,000.00
Checks & Withdrawals	-	93,309.92
Service Fees	-	.00
Ending Balance	=	73,237.13

#### Deposits

Date	Description	Amount
11-25	Incoming Wire WIRE/IN [REDACTED] 9004 78;ORG THE NANCY C HAIMSON REVOCABLE; REF 00060263295557 19	50,000.00

#### Withdrawals

Date	Description	Amount
11-06	Debit Card Purchase MERCHANT PURCHASE TERMINAL 412942 SCOTTSDALE PLAZA R ESTA SCOTTSDAL AZ XXXXXXXXXXXX8744	78.10
11-06	Debit Card Purchase MERCHANT PURCHASE TERMINAL 401339 MICHELINAS ITALIAN CUSINPHOENIX AZ XXXXXXXXXXXX8744	91.57

ACC001166  
FILE #8503

**To help  
Balance  
Your  
Account**

**How to balance your statement**

1. Add to your register balance any automatic deposit and any interest paid.
2. Subtract the monthly service charge and any other charges not previously deducted from your balance.
3. List and add the amount of all deposits entered in your register that are not shown on your statement.
4. List and subtract any checks/withdrawals you have issued which have not been paid.
5. Calculate your adjusted balance in each column.
6. If the adjusted statement balance and the adjusted register balance are the same, your account is in balance.

Your register balance		Ending balance on statement	
①		③	
Add interest credited and other increases (+)		Add deposits made but not shown on this statement (+)	
Subtotal		Subtotal	
②		④	
Subtract service charge and other deductions (-)		Subtract checks outstanding (if checking account) and withdrawals not shown (-)	
Adjusted register balance		Adjusted statement balance	

**If your adjusted register and bank statement balances do not agree**

1. Review last month's statement to make sure any differences were corrected.
2. Check additions and subtractions in your register.
3. Compare the amount of each check and deposit with the amount recorded in your register and on this statement.
4. Make sure all outstanding checks/withdrawals have been listed.
5. Make sure that each paid check/withdrawal you received with your statement has been recorded in your register.
6. Make sure that all electronic fund transfers (if any) are listed.

**In Case Of  
Errors Or  
Questions  
About  
Electronic  
Transfers**

If you think your statement or receipt is wrong, or if you need more information about a transfer listed on this statement or receipt please telephone or write us using the telephone number or address listed on the front of this statement as soon as possible. We must hear from you no later than 60 days after we send you the FIRST statement on which the problem or error appeared.

1. Tell us your name and account number.
2. Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information.
3. Tell us the dollar amount in question.

If you tell us orally, we may require that you send us your complaint or question in writing within 10 business days.

We will determine whether an error occurred within 10 days after we hear from you and will correct any error promptly. If we need more time, however, we may take up to 45 days to investigate your complaint or question. If we decide to do this, we will credit your account within 10 business days for the amount you think is in error, so that you will have the use of the money during the time it takes us to complete our investigation. If we ask you to put your complaint or question in writing and we do not receive it within 10 business days, we may not credit your account.

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If the error involves an electronic transfer from your account to buy goods or services, or a transfer initiated outside of the United States or a transfer that occurred within 30 days after the first deposit to the account was made, the time period for investigation of an alleged error will be 90 days in place of 45 days.

We will tell you the results within 3 business days after completing our investigation. If we decide that there was no error, we will send you a written explanation.

You may ask for copies of the documents that we used in our investigation.

**ACC001167**  
FILE #8503

**Withdrawals (cont.)**

Date	Description	Amount
11-07	Debit Card Purchase MERCHANT PURCHASE TERMINAL 498894 NEWTEK TECHNOLOGY SERVIC602 54941 AZ XXXXXXXXXXXX8744	75.45
11-07	Debit Card Purchase MERCHANT PURCHASE TERMINAL 444574 OFFICE MAX SCOTTSDAL AZ XXXXXXXXXXXX8744	116.28
11-08	Debit Card Purchase MERCHANT PURCHASE TERMINAL 412942 SCOTTSDALE PLAZA R ESTA SCOTTSDAL AZ XXXXXXXXXXXX8744	113.84
11-08	Preauth ACH Debit PAYROLL SERVICE 3SXZ 131108 3SXZ 3SXZ	6,224.52
11-12	Debit Card Purchase MERCHANT PURCHASE TERMINAL 412942 SCOTTSDALE PLAZA R ESTA SCOTTSDAL AZ XXXXXXXXXXXX8744	54.61
11-14	Debit Card Purchase MERCHANT PURCHASE TERMINAL 432300 BOBBY S RESTAURANT SCOTTSDAL AZ XXXXXXXXXXXX8744	144.61
11-15	Debit Card Purchase MERCHANT PURCHASE TERMINAL 469216 WWW NEWEGG COM 800 390 1 CA XXXXXXXXXXXX8744	39.99
11-18	Debit Card Purchase MERCHANT PURCHASE TERMINAL 469216 STAMPS COM 888 434 0 CA XXXXXXXXXXXX6722	15.99
11-18	POS (Pin) POS PURCHASE TERMINAL 700 CHEVRON/PWI #640- EHRE EHRENBURG AZ XXXXXXXXXXXX8744	35.00
11-22	Debit Card Purchase MERCHANT PURCHASE TERMINAL 412942 SCOTTSDALE PLAZA R ESTA SCOTTSDAL AZ XXXXXXXXXXXX8744	139.06
11-22	Preauth ACH Debit PAYROLL SERVICE 3SXZ 131122 3SXZ 3SXZ	6,224.53
11-25	Direct S/C INCOMING WIRE	15.00
11-25	Debit Card Purchase MERCHANT PURCHASE TERMINAL 423168 AJ S 063 SCOTTSDAL AZ XXXXXXXXXXXX8744	166.39

**ACC001168**  
FILE #8503

### Withdrawals (cont.)

Date	Description	Amount
11-25	Debit Card Purchase MERCHANT PURCHASE TERMINAL 423168 AJ S 063 SCOTTSDAL AZ XXXXXXXXXXXX8744	150.74
11-25	Debit Card Purchase MERCHANT PURCHASE TERMINAL 422443 ROARING FORK SCOTT SCOTTSDAL AZ XXXXXXXXXXXX8744	127.95
11-25	Debit Card Purchase MERCHANT PURCHASE TERMINAL 476930 TOTAL WINE AND MOR E 1007SCOTTSDAL AZ XXXXXXXXXXXX8744	502.07
11-26	Debit Card Purchase MERCHANT PURCHASE TERMINAL 442733 PARADISE BAKERY CAFE SCOTTSDAL AZ XXXXXXXXXXXX8744	12.93

### Checks

(\* Skip in check sequence, R-Check has been returned, + Electronified check)

Date	Number	Amount	Date	Number	Amount	Date	Number	Amount
11-21	1125	1,000.00	11-04	1190	11,850.00	11-04	1197	1,360.30
11-21	*1128	400.00	11-04	1191	474.37	11-04	*1199	1,015.60
11-12	*1185	885.43	11-01	1192	8,500.00	11-06	1200	522.00
11-05	1186	6,011.53	11-01	1193	2,237.28	11-14	1201	4,529.84
11-05	1187	20,000.00	11-04	1194	4,200.00	11-25	1202	250.00
11-05	1188	283.75	11-04	1195	10,000.00	11-26	1203	250.00
11-06	1189	5,000.00	11-06	1196	211.19			

### Daily Account Balance

Date	Balance	Date	Balance	Date	Balance
10-31	116,547.05	11-08	38,181.27	11-21	31,075.80
11-01	105,809.77	11-12	37,241.23	11-22	24,712.21
11-04	76,909.50	11-14	32,566.78	11-25	73,500.06
11-05	50,614.22	11-15	32,526.79	11-26	73,237.13
11-06	44,711.36	11-18	32,475.80	11-30	73,237.13
11-07	44,519.63				





P.O. Box 547  
Racine, WI 53401-0547

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XXXXXX3203  
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007241 MJB010102 000000000  
USA BARCELONA REALTY ADVISORS, LLC  
7025 N SCOTTSDALE SUITE 160  
SCOTTSDALE AZ 85253

Last statement: November 30, 2013  
This statement: December 31, 2013  
Total days in statement period: 31

Johnson Bank  
8700 N Gainey Center Dr  
Scottsdale AZ 85258  
www.johnsonbank.com

Johnson Bank values our relationship with you. Whether your needs involve banking, investments, insurance or trust, we want to do more for you by offering the best products and services to meet your financial goals.

For personal assistance, call: Jodie H Williams, 480-367-2742

**Summary of Account Balances**

XXXXXX3203 Small Business Solutions \$ 101,264.16

**Small Business Solutions**

Account: XXXXXX3203

Statement Period from 11-30-13 through 12-31-13

Starting Balance		73,237.13
Deposits	+	125,650.00
Checks & Withdrawals	-	97,622.97
Service Fees	-	.00
Ending Balance	=	101,264.16

**Deposits**

Date	Description	Amount
12-02	Deposit	650.00
12-30	Incoming Wire WIRE/IN-4005 02;ORG RODNEY L EA VES	125,000.00

**Withdrawals**

Date	Description	Amount
12-04	Debit Card Purchase MERCHANT PURCHASE TERMINAL 412942 SCOTTSDALE PLAZA R ESTA SCOTTSDAL AZ XXXXXXXXXXXX8744	22.50
12-05	Debit Card Purchase MERCHANT PURCHASE TERMINAL 412942 SCOTTSDALE PLAZA R ESTA SCOTTSDAL AZ XXXXXXXXXXXX8744	71.30

ACC001170  
FILE #8503

**To help  
Balance  
Your  
Account**

**How to balance your statement**

1. Add to your register balance any automatic deposit and any interest paid.
2. Subtract the monthly service charge and any other charges not previously deducted from your balance.
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4. List and subtract any checks/withdrawals you have issued which have not been paid.
5. Calculate your adjusted balance in each column.
6. If the adjusted statement balance and the adjusted register balance are the same, your account is in balance.

Your register balance		Ending balance on statement	
①		③	
Add interest credited and other increases (+)		Add deposits made but not shown on this statement (+)	
Subtotal		Subtotal	
②		④	
Subtract service charge and other deductions (-)		Subtract checks outstanding (if checking account) and withdrawals not shown (-)	
Adjusted register balance		Adjusted statement balance	

**If your adjusted register and bank statement balances do not agree**

1. Review last month's statement to make sure any differences were corrected.
2. Check additions and subtractions in your register.
3. Compare the amount of each check and deposit with the amount recorded in your register and on this statement.
4. Make sure all outstanding checks/withdrawals have been listed.
5. Make sure that each paid check/withdrawal you received with your statement has been recorded in your register.
6. Make sure that all electronic fund transfers (if any) are listed.

**In Case Of  
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Questions  
About  
Electronic  
Transfers**

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1. Tell us your name and account number.
2. Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information.
3. Tell us the dollar amount in question.

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You may ask for copies of the documents that we used in our investigation.

**ACC001171**  
FILE #8503

USA BARCELONA REALTY ADVISORS, LLC  
December 31, 2013

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### Withdrawals (cont.)

Date	Description	Amount
12-06	Debit Card Purchase MERCHANT PURCHASE TERMINAL 449398 ESET WWW ESET COM 866 343 3 CA XXXXXXXXXXXX8744	85.03
12-06	Debit Card Purchase MERCHANT PURCHASE TERMINAL 469216 SOUTHWES 526217 539516800 435 9 TX XXXXXXXXXXXX8744	643.60
12-06	Debit Card Purchase MERCHANT PURCHASE TERMINAL 469216 SOUTHWES 526063 791005800 435 9 TX XXXXXXXXXXXX8744	50.00
12-06	Debit Card Purchase MERCHANT PURCHASE TERMINAL 412942 SCOTTSDALE PLAZA R ESTA SCOTTSDAL AZ XXXXXXXXXXXX8744	24.58
12-09	Debit Card Purchase MERCHANT PURCHASE TERMINAL 498894 NEWTEK TECHNOLOGY SERVIC877 32346 AZ XXXXXXXXXXXX8744	75.45
12-09	Debit Card Purchase MERCHANT PURCHASE TERMINAL 423168 AJ S 063 SCOTTSDAL AZ XXXXXXXXXXXX8744	149.15
12-12	Debit Card Purchase MERCHANT PURCHASE TERMINAL 412942 SCOTTSDALE PLAZA R ESTA SCOTTSDAL AZ XXXXXXXXXXXX8744	28.66
12-13	Debit Card Purchase MERCHANT PURCHASE TERMINAL 412942 SCOTTSDALE PLAZA R ESTA SCOTTSDAL AZ XXXXXXXXXXXX8744	192.01
12-13	Debit Card Purchase MERCHANT PURCHASE TERMINAL 475542 BURBANK AIRPORT FO OD ANDBURBANK CA XXXXXXXXXXXX8744	26.17
12-13	Preauth ACH Debit BUSONLINE P/R PR TAX ADJ 131213	48.50
12-16	Debit Card Purchase MERCHANT PURCHASE TERMINAL 416407 BARRIO CAFE T43003 8236 PHOENIX AZ XXXXXXXXXXXX8744	41.00
12-16	Debit Card Purchase MERCHANT PURCHASE TERMINAL 412942 SCOTTSDALE PLAZA R ESTA SCOTTSDAL AZ XXXXXXXXXXXX8744	13.70
12-16	Debit Card Purchase MERCHANT PURCHASE TERMINAL 469216 WWW NEWEGG COM 800 390 1 CA XXXXXXXXXXXX8744	357.48

ACC001172  
FILE #8503

USA BARCELONA REALTY ADVISORS, LLC  
December 31, 2013

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**Withdrawals (cont.)**

Date	Description	Amount
12-16	Debit Card Purchase MERCHANT PURCHASE TERMINAL 469216 WWW NEWEGG COM 800 390 1 CA XXXXXXXXXXXX8744	12.57
12-16	Debit Card Purchase MERCHANT PURCHASE TERMINAL 469216 STAMPS COM 855 608 2 CA XXXXXXXXXXXX6722	15.99
12-18	Debit Card Purchase MERCHANT PURCHASE TERMINAL 475542 HERMOSA INN PARADISE AZ XXXXXXXXXXXX8744	2,000.00
12-18	Debit Card Purchase MERCHANT PURCHASE TERMINAL 416407 FEDEX 448008469 800 46333 TN XXXXXXXXXXXX6722	44.34
12-19	Debit Card Purchase MERCHANT PURCHASE TERMINAL 443523 SKYLINE COMMUNICAT ION 650 738 0 CA XXXXXXXXXXXX8744	106.52
12-23	Debit Card Purchase MERCHANT PURCHASE TERMINAL 416407 FEDEX 448421693 800 46333 TN XXXXXXXXXXXX6722	52.01
12-26	Debit Card Purchase MERCHANT PURCHASE TERMINAL 416407 FEDEX 448904345 800 46333 TN XXXXXXXXXXXX6722	37.82
12-30	Direct S/C INCOMING WIRE	15.00
12-30	Debit Card Purchase MERCHANT PURCHASE TERMINAL 412942 SCOTTSDALE PLAZA R ESTA SCOTTSDAL AZ XXXXXXXXXXXX8744	95.70
12-30	Debit Card Purchase MERCHANT PURCHASE TERMINAL 425477 BEN AND JACKS STEA K HO SCOTTSDAL AZ XXXXXXXXXXXX8744	423.46
12-30	Debit Card Purchase MERCHANT PURCHASE TERMINAL 416407 FEDEX 449204100 800 46333 TN XXXXXXXXXXXX6722	44.75
12-31	Debit Card Purchase MERCHANT PURCHASE TERMINAL 476930 TOTAL WINE AND MOR E 1007SCOTTSDAL AZ XXXXXXXXXXXX8744	431.31

**ACC001173**  
FILE #8503

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XXXXXX3203

## (\* Skip in check sequence, R-Check has been returned, + Electronified check)

Date	Number	Amount	Date	Number	Amount	Date	Number	Amount
12-10	1204	5,000.00	12-10	1217	215.52	12-12	1227	449.73
12-04	*1208	13,000.00	12-06	1218	1,837.50	12-18	1228	308.37
12-04	*1210	9,000.00	12-04	1219	441.56	12-13	1229	5,000.00
12-04	1211	4,200.00	12-02	*1222	650.00	12-16	1230	2,172.68
12-02	1212	5,000.00	12-06	1223	1,923.84	12-30	1231	1,259.56
12-06	1213	1,908.90	12-16	1224	863.60	12-17	1232	200.00
12-04	1214	6,011.55	12-11	1225	1,375.00	12-31	*1239	25,000.00
12-04	1215	415.60	12-12	1226	395.53	12-31	*1243	5,000.00
12-06	1216	885.43						

## Daily Account Balance

Date	Balance	Date	Balance	Date	Balance
11-30	73,237.13	12-10	22,275.62	12-18	8,730.29
12-02	68,237.13	12-11	20,900.62	12-19	8,623.77
12-04	35,145.92	12-12	20,026.70	12-23	8,571.76
12-05	35,074.62	12-13	14,760.02	12-26	8,533.94
12-06	27,715.74	12-16	11,283.00	12-30	131,695.47
12-09	27,491.14	12-17	11,083.00	12-31	101,264.16



P.O. Box 547  
Racine, WI 53401-0547

Page: 1  
XXXXXX3203  
(0)

008029 MJB010303 000000000  
USA BARCELONA REALTY ADVISORS, LLC  
7025 N SCOTTSDALE SUITE 160  
SCOTTSDALE AZ 85253

Last statement: January 31, 2014  
This statement: February 28, 2014  
Total days in statement period: 28

Johnson Bank  
8700 N Gainey Center Dr  
Scottsdale AZ 85258  
www.johnsonbank.com

Johnson Bank values our relationship with you. Whether your needs involve banking, investments, insurance or trust, we want to do more for you by offering the best products and services to meet your financial goals.

For personal assistance, call: Jodie H Williams, 480-367-2742

**Summary of Account Balances**

XXXXXX3203 Small Business Solutions \$ 139,871.89

**Small Business Solutions**

Account: XXXXXX3203

Statement Period from 01-31-14 through 02-28-14

Starting Balance		3,705.34
Deposits	+	175,000.00
Checks & Withdrawals	-	38,833.45
Service Fees	-	.00
Ending Balance	=	139,871.89

**Deposits**

Date	Description	Amount
02-18	Incoming Wire WIRE/IN- [REDACTED] 9003 26;ORG ROBERT J KE RRIGAN;REF 0000680 049727987	40,000.00
02-19	Incoming Wire WIRE/IN- [REDACTED] 0003 95;ORG ROBERT J KE RRIGAN	5,000.00
02-19	Incoming Wire WIRE/IN- [REDACTED] 0003 98;ORG RJKSR LLC	5,000.00
02-28	Incoming Wire WIRE/IN- [REDACTED] 9002 76;ORG RODNEY L EA VES	125,000.00

ACC001179  
FILE #8503



**To help  
Balance  
Your  
Account**

**How to balance your statement**

1. Add to your register balance any automatic deposit and any interest paid.
2. Subtract the monthly service charge and any other charges not previously deducted from your balance.
3. List and add the amount of all deposits entered in your register that are not shown on your statement.
4. List and subtract any checks/withdrawals you have issued which have not been paid.
5. Calculate your adjusted balance in each column.
6. If the adjusted statement balance and the adjusted register balance are the same, your account is in balance.

Your register balance		Ending balance on statement	
①		③	
Add interest credited and other increases (+)		Add deposits made but not shown on this statement (+)	
Subtotal		Subtotal	
②		④	
Subtract service charge and other deductions (-)		Subtract checks outstanding (if checking account) and withdrawals not shown (-)	
Adjusted register balance		Adjusted statement balance	

**If your adjusted register and bank statement balances do not agree**

1. Review last month's statement to make sure any differences were corrected.
2. Check additions and subtractions in your register.
3. Compare the amount of each check and deposit with the amount recorded in your register and on this statement.
4. Make sure all outstanding checks/withdrawals have been listed.
5. Make sure that each paid check/withdrawal you received with your statement has been recorded in your register.
6. Make sure that all electronic fund transfers (if any) are listed.

**In Case Of  
Errors Or  
Questions  
About  
Electronic  
Transfers**

If you think your statement or receipt is wrong, or if you need more information about a transfer listed on this statement or receipt please telephone or write us using the telephone number or address listed on the front of this statement as soon as possible. We must hear from you no later than 60 days after we send you the FIRST statement on which the problem or error appeared.

1. Tell us your name and account number.
2. Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information.
3. Tell us the dollar amount in question.

If you tell us orally, we may require that you send us your complaint or question in writing within 10 business days.

We will determine whether an error occurred within 10 days after we hear from you and will correct any error promptly. If we need more time, however, we may take up to 45 days to investigate your complaint or question. If we decide to do this, we will credit your account within 10 business days for the amount you think is in error, so that you will have the use of the money during the time it takes us to complete our investigation. If we ask you to put your complaint or question in writing and we do not receive it within 10 business days, we may not credit your account.

The 10-day periods in the preceding paragraph may be extended to 20 business days if the error involves a transfer to or from the account within 30 days after the first deposit to the account was made.

If the error involves an electronic transfer from your account to buy goods or services, or a transfer initiated outside of the United States or a transfer that occurred within 30 days after the first deposit to the account was made, the time period for investigation of an alleged error will be 90 days in place of 45 days.

We will tell you the results within 3 business days after completing our investigation. If we decide that there was no error, we will send you a written explanation.

You may ask for copies of the documents that we used in our investigation.

**ACC001180**  
**FILE #8503**

USA BARCELONA REALTY ADVISORS, LLC  
February 28, 2014

Page: 3  
XXXXXX3203

### Withdrawals

Date	Description	Amount
02-03	Debit Card Purchase MERCHANT PURCHASE TERMINAL 416407 FEDEX 451863979 800 46333 TN XXXXXXXXXXXX6722	19.67
02-03	Debit Card Purchase MERCHANT PURCHASE TERMINAL 475542 LONS AT THE HERMOS A PARADISE AZ XXXXXXXXXXXX8744	82.00
02-04	Debit Card Purchase MERCHANT PURCHASE TERMINAL 405523 WILDFLOWER BREAD 1 4 SCOTTSDAL AZ XXXXXXXXXXXX8744	10.77
02-07	Debit Card Purchase MERCHANT PURCHASE TERMINAL 498894 NEWTEK TECHNOLOGY SERVIC877 32346 AZ XXXXXXXXXXXX8744	75.45
02-07	Debit Card Purchase MERCHANT PURCHASE TERMINAL 401339 THE WHITE CHOCOLAT E GRILPHOENIX AZ XXXXXXXXXXXX8744	88.36
02-12	POS (Pin) POS PURCHASE TERMINAL 33806699 USPS 0376620632 SCOTTSDAL AZ XXXXXXXXXXXX8744	117.44
02-12	Debit Card Purchase MERCHANT PURCHASE TERMINAL 315004 SAFEWAY STORE 20 32 SCOTTSDAL AZ XXXXXXXXXXXX8744	8.12
02-14	Debit Card Purchase MERCHANT PURCHASE TERMINAL 423168 AJ S 063 SCOTTSDAL AZ XXXXXXXXXXXX8744	207.44
02-18	Direct S/C INCOMING WIRE	15.00
02-19	Direct S/C INCOMING WIRE	15.00
02-19	Direct S/C INCOMING WIRE	15.00
02-20	Debit Card Purchase MERCHANT PURCHASE TERMINAL 416407 FEDEX 453385195 800 46333 TN XXXXXXXXXXXX6722	27.35
02-24	Debit Card Purchase MERCHANT PURCHASE TERMINAL 480166 LA PRIMA DONNA SCOTTSDAL AZ XXXXXXXXXXXX8744	271.01
02-26	Debit Card Purchase MERCHANT PURCHASE TERMINAL 416407 FEDEX 453880594 800 46333 TN XXXXXXXXXXXX6722	43.00

ACC001181  
FILE #8503

USA BARCELONA REALTY ADVISORS, LLC  
February 28, 2014

Page: 4  
XXXXXX3203

### Withdrawals (cont.)

Date	Description	Amount
02-26	Debit Card Purchase MERCHANT PURCHASE TERMINAL 490641 GODADDY COM 480 50588 AZ XXXXXXXXXXXX8744	25.37
02-27	Debit Card Purchase MERCHANT PURCHASE TERMINAL 412942 SCOTTSDALE PLAZA R ESTA SCOTTSDAL AZ XXXXXXXXXXXX8744	61.41
02-28	Direct S/C INCOMING WIRE	15.00
02-28	POS (Pin) POS PURCHASE TERMINAL 22948601 AJ'S #063 SCOTTSDAL AZ XXXXXXXXXXXX8744	8.63

### Checks

(\* Skip in check sequence, R-Check has been returned, + Electronified check)

Date	Number	Amount	Date	Number	Amount	Date	Number	Amount
02-20	1249	808.93	02-24	1255	4,254.41	02-24	1261	3,000.00
02-20	1250	6,011.53	02-20	1256	5,242.20	02-19	*1263	1,500.00
02-18	1251	863.64	02-19	1257	2,172.68	02-21	1264	2,334.00
02-21	1252	345.00	02-19	1258	2,961.57	02-24	1265	608.22
02-18	1253	77.36	02-25	1259	600.00	02-19	1266	500.00
02-21	1254	1,447.89	02-21	1260	3,000.00	02-25	1267	2,000.00

### Daily Account Balance

Date	Balance	Date	Balance	Date	Balance
01-31	3,705.34	02-14	3,096.09	02-24	17,625.30
02-03	3,603.67	02-18	42,140.09	02-25	15,025.30
02-04	3,592.90	02-19	44,975.84	02-26	14,956.93
02-07	3,429.09	02-20	32,885.83	02-27	14,895.52
02-12	3,303.53	02-21	25,758.94	02-28	139,871.89

ACC001182  
FILE #8503

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CERTIFICATION OF RECORDS

STATE OF NEVADA }  
COUNTY OF CLARK } SS:

I. Maria Groia being first duly sworn, deposes and states:

1. I am over the age of 18 years old. I have personal knowledge of the facts contained herein and I am competent to testify thereto.

2. I am the Custodian of Records of Western Alliance Bank. The documents attached hereto are true and correct copies of all the records in the files of USA Barcelona Realty Advisors compiled during the normal course of business by a person with knowledge of the events or information recorded in the attached records as requested by the Subpoena served upon the Custodian of Records of

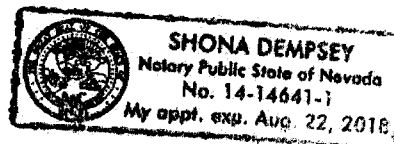
Alliance Bank of Arizona

Further your affiant sayeth naught.

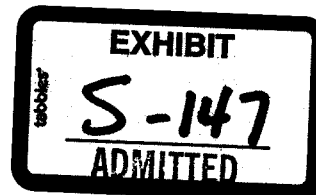
Maria Groia

Subscribed and sworn to before me  
this 4th day of April, 2015.

[Signature]  
Notary Public in and for said  
County and State.



ACC001489  
FILE #8503



GFX Message Print - Message Inquiry Display Dialog Box

User: pmcclure Bank: ALLIANCE BANK Date: 03/26/15 11:26:40

Message Status: PNRM  
Seq Num: 20140930043000 Related Seq Num:  
Pay Method: FED Input Message ID: FTR811  
Date Recvd: 04/03/2014 13:23:21 Value Date: 04/03/2014

Sender: 121000248  
Amount: \$100,000.00

Debit info --

Sndr: 121000248  
Name: WELLS FARGO BANK, NA  
Addr1:  
Addr2:  
Addr3:  
Addr4:

Credit info --

Account: 8870 Inst: 02 Br: 03 Type: DA  
Name: USA BARCELONA REALTY ADVISCRS  
Addr1: 7025 N SCOTTSDALE RD #160  
Addr2: SCOTTSDALE AZ 85253  
Addr3:  
Addr4:

Advice: Dept: DEPT1 Trancode:  
Category: Linesheet: Create Template:

Message Text:

XFT811  
Msg Disp {1100}30P N  
Acc Time {1110}04031623FT03  
OMAD {1120}20140403L1LFB71C00027304031623FT03  
Msg Type {1510}1000  
IMAD {1520}20140403I1B7031R037345  
Amount {2000}000010000000  
Sender DI {3100}121000248WELLS FARGO SF\*  
Sndr Ref {3320}2014040300108434\*  
Rcvr DI {3400}122105980WESTERN ALLIANCE\*  
Bus Func {3600}CTP  
BNF {4200}8870\*  
USA BARCELONA REALTY ADVISORS LLC\*  
RFB {4320}0000457093399623\*  
ORG {5000}8758\*  
JPSTEWARTENTERPRISES LLC\*  
AZ  
OSI {6000}RE BOB KERRIGAN\*

ACC001537  
FILE #8503



GFX Message Print - Message Inquiry Display Dialog Box

User: pncclure Bank: ALLIANCE BANK Date: 03/26/15 11:26:40

Message Status: PNRM  
Seq Num: 20141060030600 Related Seq Num:  
Pay Method: FED Input Message ID: FTR811  
Date Recvd: 04/16/2014 11:13:42 Value Date: 04/16/2014

Sender: 121000248  
Amount: 950,000.00  
Debit info --

Sndr: 121000248  
Name: WELLS FARGO BANK, NA  
Addr1:  
Addr2:  
Addr3:  
Addr4:

Credit info --

Account: 8870 Inst: 02 Br: 1130 Type: DA  
Name: USA BARCELONA REALTY ADVISORS  
Addr1: 7025 N SCOTTSDALE RD #160  
Addr2: SCOTTSDALE AZ 85253  
Addr3:  
Addr4:

Advice: Dept: DEPTL Trancode:  
Category: Linesheet: Create Template:

Message Text:

XFT811  
Msg Disp (1100)30P N  
Acc Time (1110)04161413FT03  
OMAD (1120)20140416L1LEB71C00019704161413FT03  
Msg Type (1510)1000  
IMAD (1520)20140416I1B7031R029254  
Amount (2000)000005000000  
Sender DI (3100)121000248WELLS FARGO SF\*  
Sndr Ref (3320)2014041600092717\*  
Rcvr DI (3400)122105980WESTERN ALLIANCE\*  
Bus Func (3600)CTP  
BNF (4200)8870\*  
USA BARCELONA REALTY ADVISORS LLC\*  
RFB (4320)000002609\*  
ORG (5000)8392\*  
VANTAGE RETIREMENT PLANS LLC\*  
AS AGENT FOR CUSTODIAN FICO\*  
AZ  
OBI (6000)VANTAGE FBO RICHARD ANDRADE IRA\*

ACC001538

FILE #8503

1417 - \$14,103.00 - 4/7/2014

4/11/2014

CASH ONLY IF ALL CheckLock™ SECURITY FEATURES LISTED ON BACK INDICATE NO TAMPERING OR COPYING

USA Barcelona Realty Advisors, LLC  
7025 N Scottsdale Road, Suite 160  
Scottsdale, AZ 85253

ALLIANCE BANK OF ARIZONA  
Scottsdale Office  
Scottsdale, AZ 85253  
01-898/1221

1412

4/11/2014

PAY TO THE ORDER OF Rodney & Melissa Eaves

\$ \*\*15,103.00

Fifteen Thousand One Hundred Three and 00/100..... DOLLARS

Rodney & Melissa Eaves  
AZ

ATM/ATM RESISTANT TO BANA A

602  
629  
1700

Valid account

Two signatures required for checks over \$5,000

Q4 2013 Interest on Notes & Short-Term Advances

**USA Barcelona Realty Advisors, LLC**  
7025 N Scottsdale Road, Suite 160  
Scottsdale, AZ 85253

ALLIANCE BANK OF ARIZONA  
Scottsdale Office  
Scottsdale, AZ 85253  
01-598/1221

1412

4/1/2014

PAY TO THE ORDER OF Rodney & Melissa Eaves

\$ 15,103.00

**Fifteen Thousand One Hundred Three and 00/100.**

**Rodney & Melissa Eaves**

A2

ΑΤΜΟΡΟΠΕΣΤΑΥΤΟΥΗΡΑΝΑ

629  
700

Valid  
accuracy

**\*Two signatures required for checks over \$5,000**

Q4 2013 Interest on Notes & Short-Term Advances

1412 - \$15,103.00 - 4/7/2014

[illegible]


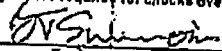

ENDORSE HERE

# EXHIBIT

ACC001543  
FILE #8503

tabbies  
S. 149  
ADMITTED

1450 - \$6,105.00 - 4/25/2014

CASH ONLY IF ALL CHECKS ARE SECURITY FEATURES LISTED ON BACK INDICATE NO TAMPERING OR COPIING	
<b>USA Barcelona Realty Advisors, LLC</b> 7025 N Scottsdale Road, Suite 160 Scottsdale, AZ 85253	<b>ALLIANCE BANK OF ARIZONA</b> Scottsdale Office Scottsdale, AZ 85253 91-598/1221
1430	
4/16/2014	
PAY TO THE ORDER OF <u>Richard J Woods</u>	\$ 6,105.00
Six Thousand One Hundred Five and 00/100	
 Richard J Woods [Redacted] AZ [Redacted]	A "CHECK RESISTANT" CHECK AREA DOLLARS
2013 Annual Bonus Interest	Two signatures required for checks over \$5,000  

**USA Barcelona Realty Advisors, LLC**  
7025 N Scottsdale Road, Suite 160  
Scottsdale, AZ, 85253

ALLIANCE BANK OF ARIZONA  
Scottsdale Office  
Scottsdale, AZ 85253  
91-598/1229

1430

4/16/2014

PAY TO THE ORDER OF Richard J Woods

\$ 6,105.00

Six Thousand One Hundred Five and 00/100

**DOLLARS**

Richard J Woods

A \*ALICE PRESIDENT \*CIVIL RIGHTS

**Two signatures required for checks over \$5,000**

47-15

### 2013 Annual Bonus Interest

1430 - \$6,105.00 - 4/25/2014

*[Handwritten signature]*



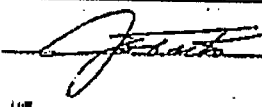
JANUARY 1968

BMO Harris Bank N.A. #0000288

ACC001555  
FILE #8503



1431 - 51,221.00 - 4/16/2014

<b>USA Barcelona Realty Advisors, LLC</b> 7025 N Scottsdale Road, Suite 160 Scottsdale, AZ 85253		<b>ALLIANCE BANK OF ARIZONA</b> Scottsdale Office Scottsdale, AZ 85263 91-506/1221	<b>1431</b> 4/16/2014
PAY TO THE ORDER OF <u>Kelly Bair</u>		<b>\$ 1,221.00</b>	
One Thousand Two Hundred Twenty-One and 00/100		DOLLARS	
	Kelly Bair  AZ	Two signatures required for checks over \$5,000	
MEMO 2013 Annual Bonus Interest			

1431 - 51,221.00 - 4/16/2014

VOID SECTION Security Features on Back 1. Watermark 2. Security Thread 3. Microprint 4. Color Shift 5. Security Thread 6. Security Thread 7. Security Thread 8. Security Thread 9. Security Thread 10. Security Thread	VOID SECTION Security Features on Back 1. Watermark 2. Security Thread 3. Microprint 4. Color Shift 5. Security Thread 6. Security Thread 7. Security Thread 8. Security Thread 9. Security Thread 10. Security Thread	VOID SECTION Security Features on Back 1. Watermark 2. Security Thread 3. Microprint 4. Color Shift 5. Security Thread 6. Security Thread 7. Security Thread 8. Security Thread 9. Security Thread 10. Security Thread	VOID SECTION Security Features on Back 1. Watermark 2. Security Thread 3. Microprint 4. Color Shift 5. Security Thread 6. Security Thread 7. Security Thread 8. Security Thread 9. Security Thread 10. Security Thread
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 ACC001556  
 FILE #8503

1432 - \$1,526.00 - 4/22/2014

CASH ONLY IF ALL **CheckLock**™ SECURITY FEATURES LISTED ON BACK INDICATE NO TAMPERING OR COPYING

**USA Barcelona Realty Advisors, LLC**  
7025 N Scottsdale Road, Suite 160  
Scottsdale, AZ 85253

**ALLIANCE BANK OF ARIZONA**  
Scottsdale Office  
Scottsdale, AZ 85253  
91-598/1221

1432

4/16/2014

PAY TO THE ORDER OF Carolyn Group, LLC \$ 1,526.00

One Thousand Five Hundred Twenty-Six and 00/100..... DOLLARS

Carolyn Group, LLC  
Kathleen A Carolin  
[REDACTED] AZ [REDACTED]

MEMO

A TAMPER RESISTANT TONER AREA

Two signatures required for checks over \$5,000

[Signature]

Details on Back

Include CheckLock™ Secure Check

1432 - \$1,526.00 - 4/22/2014


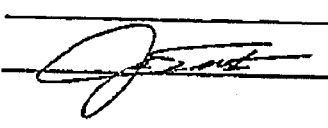
20140421008458657441379

for deposit only  
Carolyn Group LLC  
15657

TO: DOGMA, INC.

ACC001557  
FILE #8503

1433 - \$1,526.00 - 4/22/2014

<b>USA Barcelona Realty Advisors, LLC</b> 7025 N Scottsdale Road, Suite 160 Scottsdale, AZ 85253		<b>ALLIANCE BANK OF ARIZONA</b> Scottsdale Office Scottsdale, AZ 85253 91-698/1221	1433 4/16/2014
PAY TO THE ORDER OF <b>Carolyn Group, LLC</b>		<b>\$ 1,526.00</b>	
One Thousand Five Hundred Twenty-Six and 00/100 ***** DOLLARS			
 <b>Carolyn Group, LLC</b> <b>Kathleen A Carolin</b> [Redacted] AZ [Redacted]	A TAMPER RESISTANT TONER AREA A		"Two signatures required for checks over \$5,000"
MEMO 2013 Annual Bonus Interest			

1433 - \$1,526.00 - 4/22/2014

20140421008458657341379

for deposit only  
 Carolyn Group LLC  
 3/6/87

 ACC001558  
 FILE #8503

2434 - \$3,352.00 - 4/21/2014

CASH ONLY IF ALL Checklock™ SECURITY FEATURES LISTED ON BACK INDICATE NO TAMPERING OR COPYING

USA Barcelona Realty Advisors, LLC  
7025 N Scottsdale Road, Suite 160  
Scottsdale, AZ 85253

ALLIANCE BANK OF ARIZONA  
Scottsdale Office  
Scottsdale, AZ 85253  
61-808/1221

1434

4/16/2014

PAY TO THE ORDER OF Roberta Burleson

Three Thousand Fifty-Two and 00/100

\$ 3,052.00

ROBERTA BURLESON  
AZ

DOLLARS

A TAMPER RESISTANT TONER AREA A

Two signatures required for checks over \$5,000

MEMO 2013 Annual Bonus Interest (12-6-12)

USA Barcelona Realty Advisors, LLC  
7025 N Scottsdale Road, Suite 180  
Scottsdale, AZ 85253

ALLIANCE BANK OF ARIZONA  
Scottsdale Office  
Scottsdale, AZ 85253  
61-598/1221

'1434

4/18/2014

PAY TO THE ORDER OF Roberta Burleson

**\$ 3,052.00**

Three Thousand Fifty-Two and 00/100

**DOLLARS**

**Roberta Burleson**

A TAMPER RESISTANT TONER AREA A

**\*Two signatures required for checks over \$5,000**

MEMO

**2013 Annual Bonus Interest (12-6-12)**

1434 - \$3,052.00 - 4/21/2014

1040513290

ACC001559  
FILE #8503



1436 - \$3,052.00 - 4/22/2014

CASH ONLY IF ALL CheckLock™ SECURITY FEATURES LISTED ON BACK INDICATE NO TAMPERING OR COPYING

USA Barcelona Realty Advisors, LLC  
7025 N Scottsdale Road, Suite 180  
Scottsdale, AZ 85253

ALLIANCE BANK OF ARIZONA  
Scottsdale Office  
Scottsdale, AZ 85253  
61-568/1221

1436

4/16/2014

PAY TO THE ORDER OF Cheyenne Kassie, LLC \$3,052.00

Three Thousand Fifty-Two and 00/100 DOLLARS

Cheyenne Kassie, LLC  
William T. Jordan  
AZ

MEMO 2013 Annual Bonus Interest

Two signatures required for checks over \$5,000

*[Signature]*

1436 - \$3,052.00 - 4/22/2014

do not write on this line

JP Morgan Chase Bank, N.A.

CREDITED TO ACCOUNT OF  
WITHIN NAMED PAYEE  
FOR DEPOSIT ONLY

*William T. Jordan*

ACC001561  
FILE #8503

1437 - \$6,105.00 - 4/21/2014

<b>USA Barcelona Realty Advisors, LLC</b> 7025 N Scottsdale Road, Suite 160 Scottsdale, AZ 85253		(62)	<b>ALLIANCE BANK OF ARIZONA</b> Scottsdale Office Scottsdale, AZ 85253 91-598/1221	<b>1437</b>
PAY TO THE ORDER OF <b>RJR Group, LLC</b>		<b>4/16/2014</b>		
<b>Six Thousand One Hundred Five and 00/100</b>		<b>\$ 6,105.00</b>		
<b>RJR Group, LLC</b> <b>Ridick J. Ramirez</b> <b>AZ</b>		<b>DOLLARS</b>		
<b>MEMO</b> <b>2013 Annual Bonus Interest</b>		<b>Two signatures required for checks over \$5,000</b> <i>[Signature]</i> <i>[Signature]</i>		

1437 - \$6,105.00 - 4/21/2014

<b>07005047 FIRSTBANK 697001000371960 04192014</b>	<b>ENDORSE HERE</b> <b>CREDIT TO THE ACCOUNT OF</b> <b>THE WITHIN NAMED PAYEE'S</b> <b>ASSIGN OF ENDORSEMENT GUARANTEED</b> <b>FIRSTBANK</b>
<b>DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE</b>	

 ACC001562  
 FILE #8503

AFFIDAVIT OF CUSTODIAN OF RECORDS

STATE OF WI )  
County of Racine ) ss.

The undersigned hereby declares, under oath, that the following statements are true:

1. I am over the age of eighteen, have personal knowledge of the facts set forth below, and am competent to testify.
2. I am the duly authorized Custodian of Records of Johnson Bank
3. I have the authority to certify said records.
4. The records submitted herewith are true copies of all records under my possession or control responsive to the Subpoena directed to the Custodian of Records of the entity identified in paragraph 2 above.
5. The records were prepared or obtained by personnel or representatives of the entity or persons acting under the control of personnel or representatives of the entity identified in paragraph 2 above in the ordinary course of business at or near the time of the act, condition, or event in said records.
6. The records are kept in the course of regularly conducted business pursuant to the regular practice of the entity identified in paragraph 2 above.

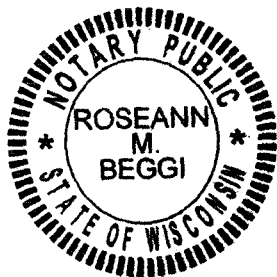
Louise Galdonik  
Custodian of Records

SUBSCRIBED and SWORN to before me this 11 day of May, 2015 by Louise Galdonik

My Commission Expires:

11-13-2016

(seal)



Roseann M. Beggi  
NOTARY PUBLIC



ACC005374  
FILE #8503



P.O. Box 547  
Racine, WI 53401-0547



007015 MJB010401 000000000  
BARCELONA ADMINISTRATION COMPANY LLC  
11419 N CENTURY LN  
SCOTTSDALE AZ 85254

Page: 1  
XXXXXX4775  
(0)

Last statement: February 28, 2013  
This statement: March 31, 2013  
Total days in statement period: 31

Johnson Bank  
8700 N. Gainey Center Drive  
Scottsdale, AZ 85258  
johnsonbank.com

Johnson Bank values our relationship with you. Whether your needs involve banking, investments, insurance or trust, we want to do more for you by offering the best products and services to meet your financial goals.

For personal assistance, call: Jodie H Williams, 480-367-2742

**Summary of Account Balances**

XXXXXX4775 Small Business Solutions \$ 119,884.88

**Small Business Solutions**

Account: XXXXXX4775

**Statement Period from 02-28-13 through 03-31-13**

Starting Balance		6,155.79
Deposits	+	250,000.00
Checks & Withdrawals	-	136,270.91
Service Fees	-	.00
Ending Balance	=	119,884.88

**Deposits**

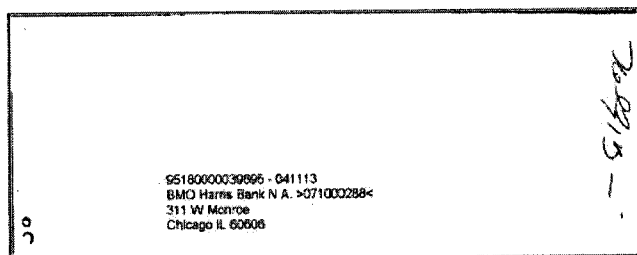
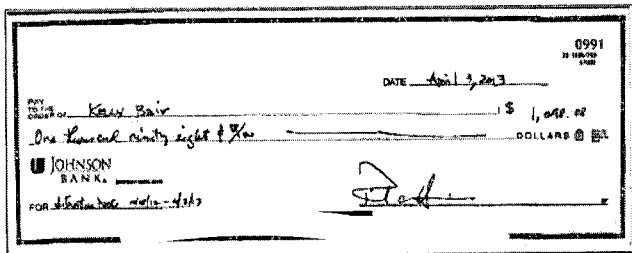
Date	Description	Amount
03-11	Incoming Wire WIRE/IN: 0004 34;ORG RODNEY L EA VES	250,000.00

**Withdrawals**

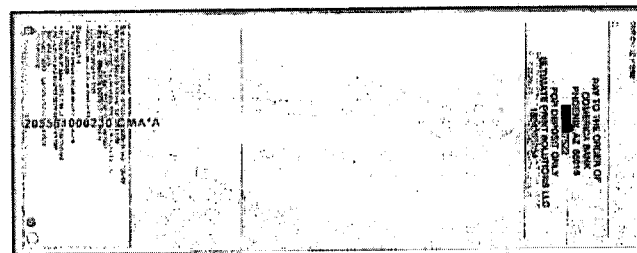
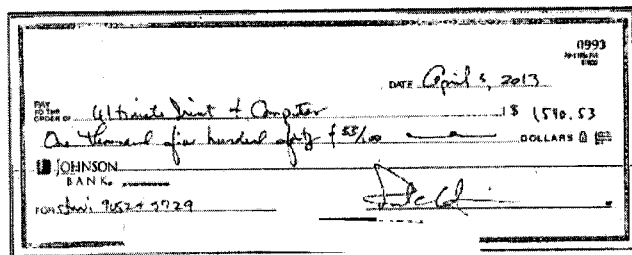
Date	Description	Amount
03-04	Tele Trans No Chg	2,000.00
03-08	Debit Memo	2,000.00
03-11	Direct S/C INCOMING WIRE	15.00
03-13	POS (Pin) POS PURCHASE TERMINAL 03770630 NWS STAPLES, INC. 261 PHOENIX AZ XXXXXXXXXXXX2572	60.10
03-14	Debit Memo	12,500.00

ACC005392  
FILE #8503

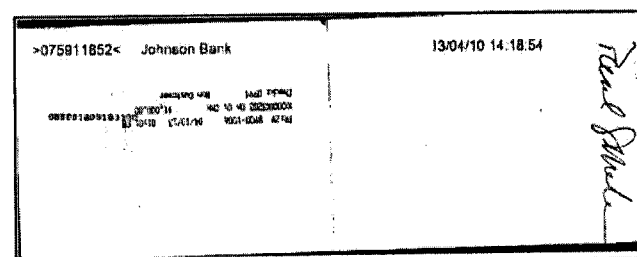
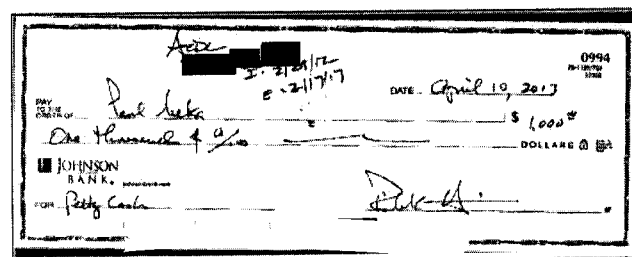




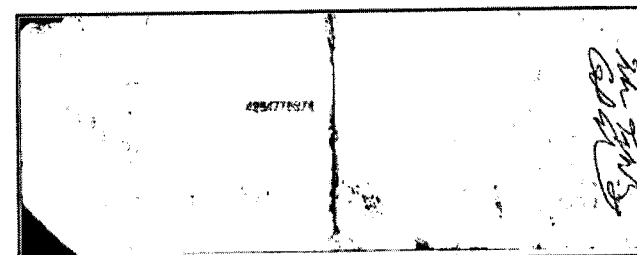
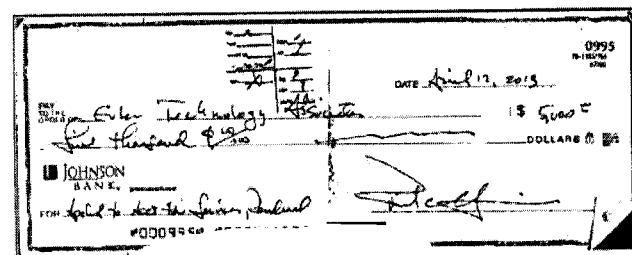
Date: 04/12/2013 Amount: \$1,098.08 Sequence: 401332390 AppID: 2



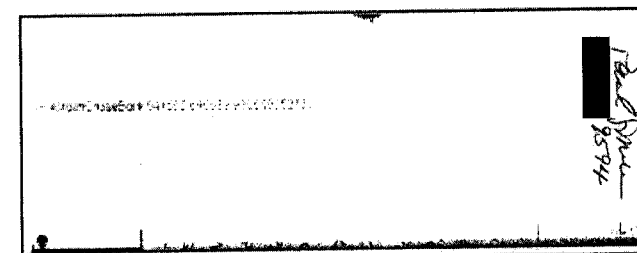
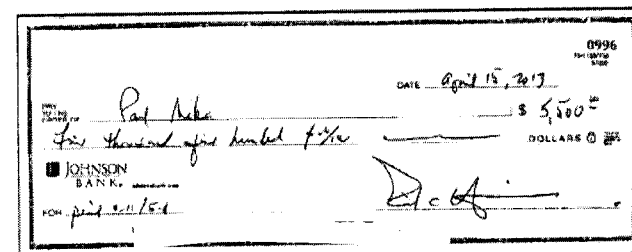
Date: 04/08/2013 Amount: \$1,540.53 Sequence: 400883120 AppID: 2



Date: 04/10/2013 Amount: \$1,000.00 Sequence: 800712980 AppID: 2

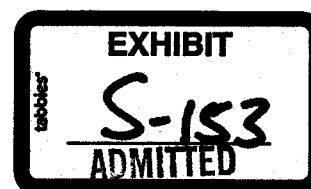


Date: 04/23/2013 Amount: \$5,000.00 Sequence: 402103220 AppID: 2



Date: 04/16/2013 Amount: \$5,500.00 Sequence: 401615330 AppID: 2

ACC006002  
FILE #8503



*Quincy Jones*

0997  
BY 7-10-1962  
P100

DATE 4-23-13

PAY TO THE ORDER OF Bruce Orr and Associates \$ 1925.00  
One thousand four hundred twenty five DOLLARS & 00/100

JOHNSON  
BANK, JACKSON, MISS.  
FOR Travel Expenses

2064

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED

15  
6

1000  
78-106796  
EAB

PAY TO THE ORDER OF MICHAEL D. WILSON

CHECK NO. 430-13 DATE 4-30-13

\$ 6220.26

Six thousand two hundred twenty four & 26/100 ——— DOLLARS

JOHNSON BANK

FOR 7025 #40 East-Mary

Contract in the Amount of \$100,000.00  
 Date of award: 10/01/99  
 Date of completion: 10/01/99  
 Awarded to: **2139**  
 Awarded by: **2139**

BARCELONA ADMINISTRATION COMPANY LLC  
7016 N SCOTTSDALE BLVD 1RD  
SCOTTSDALE, AZ 85251

DATE 5-3-13

1001

PAY TO THE ORDER OF *Box Business*

\$ 690.39

*Six hundred ninety +39/100*

DOLLARS ☒ ☐ ☐

*D. All*

JOHNSON BANK

FOR *0001*

⑈0000069039⑈

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BARCELONA ADMINISTRATION COMPANY LLC      04-15      1002  
TOM N SCOTTSDALE SUITE 100  
SCOTTSDALE, AZ 85258

PAY TO THE ORDER OF Richard Harkins      DATE 5-0-13      IN FIGURES 1000  
One thousand & 00/100      \$ 1,000.00      DOLLARS    00/100

☒ JOHNSON BANK      John  
FOR his      3  
#E

>075911852< Johnson Bank 08900000218170 2013/05/10 16:31:27

EXHIBIT  
S-154  
ADMITTED

USA BARCELONA REALTY ADVISORS, LLC  
1000 N SCOTTSDALE SUITE 100  
SCOTTSDALE, AZ 85258

013843/453741

1106

PAY TO THE ORDER OF Polsinelli  
Fifty thousand \$ 50,000.00  
DOLLARS

DATE 6-28-13

JOHNSON BANK

FOR OR ACCT...

POSTNUT SHAWMUT DC  
FOR DEPOSIT ONLY  
ACT ENDING 9 9417

POSTNUT SHAWMUT DC  
FOR DEPOSIT ONLY  
ACT ENDING 9 9417

Date: 07/02/2013 Amount: \$50,000.00 Sequence: 31490670 AppID: 2

USA BARCELONA REALTY ADVISORS, LLC  
1000 N SCOTTSDALE SUITE 100  
SCOTTSDALE, AZ 85258

629

1108

PAY TO THE ORDER OF Conexco  
One thousand five hundred eighty four & 78/100 \$ 1,584.78  
DOLLARS

DATE 7-1-13

JOHNSON BANK

FOR OR ACCT...

POSTNUT SHAWMUT DC  
FOR DEPOSIT ONLY  
ACT ENDING 9 9417

Date: 07/10/2013 Amount: \$1,584.78 Sequence: 407903090 AppID: 2

USA BARCELONA REALTY ADVISORS, LLC  
1000 N SCOTTSDALE SUITE 100  
SCOTTSDALE, AZ 85258

Received  
SA - 1 390

1109

PAY TO THE ORDER OF Michael D. Wilson, Director for NDE Division  
Six thousand seven & 53/100 \$ 6,011.53  
DOLLARS

DATE 7-1-13

JOHNSON BANK

FOR OR ACCT...

POSTNUT SHAWMUT DC  
FOR DEPOSIT ONLY  
ACT ENDING 9 9417

Date: 07/05/2013 Amount: \$6,011.53 Sequence: 407539270 AppID: 2

USA BARCELONA REALTY ADVISORS, LLC  
1000 N SCOTTSDALE SUITE 100  
SCOTTSDALE, AZ 85258

1111

PAY TO THE ORDER OF Rodney and Melissa Eaves  
Seven thousand five hundred \$ 7,500.00  
DOLLARS

DATE 7-1-13

JOHNSON BANK

FOR OR ACCT...

POSTNUT SHAWMUT DC  
FOR DEPOSIT ONLY  
ACT ENDING 9 9417

Date: 07/09/2013 Amount: \$7,500.00 Sequence: 407738260 AppID: 2

USA BARCELONA REALTY ADVISORS, LLC  
1000 N SCOTTSDALE SUITE 100  
SCOTTSDALE, AZ 85258

1112

PAY TO THE ORDER OF Kelly Bair  
Five hundred eighty \$ 580.00  
DOLLARS

DATE 7-1-13

JOHNSON BANK

FOR OR ACCT...

POSTNUT SHAWMUT DC  
FOR DEPOSIT ONLY  
ACT ENDING 9 9417

Date: 07/11/2013 Amount: \$580.00 Sequence: 407983890 AppID: 2

ACC006011  
FILE #8503



USA BARCELONA REALTY ADVISORS, LLC  
11113

PAY TO THE ORDER OF Roberta Barboza DATE 7-1-13  
Five hundred \$ 500.00  
JOHNSON BANK  
FOR [Signature]

10403112953

*for deposit  
Roberta Barboza*

Date:07/03/2013 Amount:\$500.00 Sequence:407469260 AppID:2

USA BARCELONA REALTY ADVISORS, LLC  
11114

PAY TO THE ORDER OF Carrie Pook DATE 6-28-13  
Eight hundred eight hundred thirty one & 49/100 \$ 1,831.49  
JOHNSON BANK  
FOR [Signature]

*for deposit  
Carrie Pook*

Date:07/02/2013 Amount:\$1,831.49 Sequence:407296540 AppID:2

USA BARCELONA REALTY ADVISORS, LLC  
11115

PAY TO THE ORDER OF Paul Mills DATE 6-28-13  
Two thousand five hundred seventy five & 83/100 \$ 2,575.83  
JOHNSON BANK  
FOR [Signature]

*for deposit  
Paul Mills*  
9594

Date:07/01/2013 Amount:\$2,575.83 Sequence:407168720 AppID:2

USA BARCELONA REALTY ADVISORS, LLC  
11116

PAY TO THE ORDER OF Richard Harris DATE 6-28-13  
Twenty thousand \$ 20,000.00  
JOHNSON BANK  
FOR [Signature]

>075911852< Johnson Bank 08900000273160 2013/07/01 14:34:12

*[Signature]*

Date:07/01/2013 Amount:\$20,000.00 Sequence:800204020 AppID:2

USA BARCELONA REALTY ADVISORS, LLC  
11117

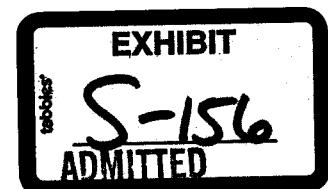
PAY TO THE ORDER OF Dana Eiler DATE 6-28-13  
Six thousand ninety nine & 16/100 \$ 6,099.16  
JOHNSON BANK  
FOR [Signature]

94660000065630 - 070613  
BMO Harris Bank N.A. >071000280<  
311 W Monroe  
Chicago, IL 60606

*[Signature]*

Date:07/08/2013 Amount:\$6,099.16 Sequence:407666410 AppID:2

ACC006012  
FILE #8503



USA BARCELONA REALTY ADVISORS, LLC  
7025 N SCOTTSDALE SUITE 100  
SCOTTSDALE, AZ 85258

1139

DATE 7-31-13

PAY TO THE ORDER OF Glenn Elder \$ 269.43

Two hundred sixty nine and 43/100 DOLLARS

JOHNSON BANK

FOR Doc

94890000073983 - 080213  
BMO Harris Bank N.A. >071000288<  
311 W Monroe  
Chicago IL 60606

*Glenn Elder*  
2013

Date:08/05/2013 Amount:\$269.43 Sequence:409763090 AppID:2

USA BARCELONA REALTY ADVISORS, LLC  
7025 N SCOTTSDALE SUITE 100  
SCOTTSDALE, AZ 85258

1141

DATE 7-31-13

PAY TO THE ORDER OF Robert Kerseyan \$ 4200.00

Four thousand two hundred DOLLARS

JOHNSON BANK

FOR Robert Kerseyan

Doc

*Robert Kerseyan*

Date:08/05/2013 Amount:\$4,200.00 Sequence:33201840 AppID:2

USA BARCELONA REALTY ADVISORS, LLC  
7025 N SCOTTSDALE SUITE 100  
SCOTTSDALE, AZ 85258

1142

DATE 8-6-13

PAY TO THE ORDER OF The Lodging Corporation LLC \$ 6585.00

Six thousand five hundred eighty five DOLLARS

JOHNSON BANK

FOR Doc

*The Lodging Corporation LLC*  
Doc

Date:08/13/2013 Amount:\$6,585.00 Sequence:410317170 AppID:2

USA BARCELONA REALTY ADVISORS, LLC  
7025 N SCOTTSDALE SUITE 100  
SCOTTSDALE, AZ 85258

1143

DATE 8-8-13

PAY TO THE ORDER OF Banca Bank \$ 2044.58

Two thousand forty four and 58/100 DOLLARS

JOHNSON BANK

FOR Doc

*Banca Bank*

Date:08/12/2013 Amount:\$2,044.58 Sequence:410252550 AppID:2

USA BARCELONA REALTY ADVISORS, LLC  
7025 N SCOTTSDALE SUITE 100  
SCOTTSDALE, AZ 85258

1146

DATE 8-8-13

PAY TO THE ORDER OF Kaiser & Carolin, P.C. \$ 2,000.00

Two thousand DOLLARS

JOHNSON BANK

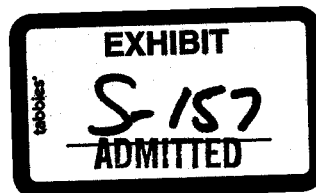
FOR Doc

20130813008810502341379

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Date:08/14/2013 Amount:\$2,000.00 Sequence:410470350 AppID:2



ACC006019  
FILE #8503

10-3-13

DATE	10/03/2013	AMOUNT	\$50,000.00
CHECK NO.	800734500	SEQUENCE	1

JOHNSON BANK

DEPOSIT TICKET

AMOUNT DEPOSITED \$50,000.00

DATE 10/03/2013

TIME 11:33:38

SEQUENCE 800734500

APPID 1

>075911852< Johnson Bank 08900000376210 2013/10/03 11:33:38

DATE	10/03/2013	AMOUNT	\$50,000.00
CHECK NO.	800734500	SEQUENCE	1

JOHNSON BANK

DEPOSIT TICKET

AMOUNT DEPOSITED \$50,000.00

DATE 10/03/2013

TIME 11:33:38

SEQUENCE 800734500

APPID 1

Date:10/03/2013 Amount:\$50,000.00 Sequence:800734500 AppID:1

CHEYENNE KASSIE LLC

4701

DATE 2 OCT 2013

91-2-1221

USA BARCELONA REALTY ADVISORS \$50,000

Fifty thousand and no/100

CHASE

Johnson Chase Bank, N.A.

W. Elmer F. Johnson

>075911852< Johnson Bank

10/03/2013 11:33:38

08900000376210

JOHNSON BANK

SCOTTSDALE, AZ 8628-7103

FOR DEPOSIT ONLY

USA BARCELONA REALTY ADVISORS, LLC

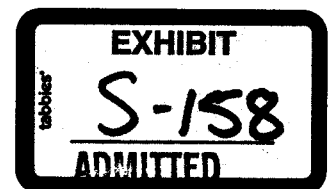
10/03/2013 11:33:38

SEQUENCE 800734500

APPID 31

Date:10/03/2013 Amount:\$50,000.00 Sequence:800734510 AppID:31


ACC006026  
FILE #8503




USA BARCELONA REALTY ADVISORS, LLC  
1924 N BOOTHDALE RD SUITE 140  
BOOTHDALE, AL 35024

DATE 9-30-13

PAY TO THE ORDER OF Kelly Bair \$ 600.00  
Six hundred DOLLARS

 JOHNSON BANK

 D.H.

95180000070960 - 100413  
BMO Harris Bank N.A. #071002286-

Date:10/07/2013 Amount:\$600.00 Sequence:414125760 AppID:2

USA BARCELONA REALTY ADVISORS, LLC  
7026 N SCOTTSDALE RD SUITE 150  
SCOTTSDALE, AZ 85253

TH/Korttune  
The Jt DATE 9-30-13

1155  
IN FRONT  
BANK

PAY TO THE ORDER OF Reddy & Melina Evers \$ 7,500.00  
Seven thousand five hundred DOLLARS

JOHNSON BANK, 800.767.3000

FDPA

John  
Cth

21301 004038710 GRTE 10642012


Date:10/07/2013 Amount:\$7,500.00 Sequence:414075260 AppID:2

USA BARCELONA REALTY ADVISORS, LLC  
2048 W SCOTTSDALE RD SUITE 100  
SCOTTSDALE, AZ 85260

11556  
9-10-78  
BOL

DATE 9-30-13

PAY TO THE ORDER OF Debra & Melissa Eaves \$ 6164.00  
Six thousand one hundred sixty four DOLLARS

☒ JOHNSON BANK 

FOR Edna

[illegible]

Date:10/07/2013 Amount:\$6,164.00 Sequence:414110110 AppID:2

USA BARCELONA REALTY ADVISORS, LLC  
1000 N SCOTTSDALE RD SUITE 100  
SCOTTSDALE, AZ 85257

1157  
RECEIVED  
DATE 9-30-13

PAY TO THE ORDER OF Robert A. Carlson  
Cashier and five hundred  
\$ 1,500.00  
DOLLARS

JOHNSON BANK

FOR

*Walter E. Miller*  
*My Dear Mr. [redacted]*  
*April 1977*  
*Office of [redacted]*

DECLASSIFIED

Date:10/03/2013 Amount:\$1,500.00 Sequence:413855640 AppID:2

1155  
10-10-70  
1000

USA BARCELONA REALTY ADVISORS, LLC  
7000 N SCOTTSDALE RD SUITE 100  
SCOTTSDALE AZ 85261

DATE 9-30-13

PAY TO THE ORDER OF Debra Carlson \$ 2026.00  
Two thousand twenty six DOLLARS

U JOHNSON  
FAX

101

[illegible]

Date:10/03/2013 Amount:\$2,026.00 Sequence:413855650 AppID:2

**ACC006031**  
FILE #8503



USA BARCELONA REALTY ADVISORS, LLC  
7008 N SCOTTSDALE RD SUITE 100  
SCOTTSDALE, AZ 85258

DATE 9-30-13

PAY TO THE ORDER OF Richard and Sharon Winkler \$ 2,992.00  
Two thousand nine hundred ninety two DOLLARS

JOHNSON BANK

FOR Duff

9400000101351 - 100413  
BMO Harris Bank N.A. 3071000286

1159

for deposit only  
3687

Date:10/07/2013 Amount:\$2,992.00 Sequence:414125420 AppID:2

USA BARCELONA REALTY ADVISORS, LLC  
7008 N SCOTTSDALE RD SUITE 100  
SCOTTSDALE, AZ 85258

DATE 9-30-13

PAY TO THE ORDER OF Kathleen Carolin \$ 518.00  
Five hundred eighteen DOLLARS

JOHNSON BANK

FOR Duff

20131011009402358941379

for deposit only  
3687

Date:10/14/2013 Amount:\$518.00 Sequence:414618650 AppID:2

USA BARCELONA REALTY ADVISORS, LLC  
7008 N SCOTTSDALE RD SUITE 100  
SCOTTSDALE, AZ 85258

DATE 9-30-13

PAY TO THE ORDER OF Kathleen Carolin \$ 723.00  
Seven hundred twenty three DOLLARS

JOHNSON BANK

FOR Duff

20131011009402358941379

for deposit only  
3687

Date:10/14/2013 Amount:\$723.00 Sequence:414618640 AppID:2

USA BARCELONA REALTY ADVISORS, LLC  
7008 N SCOTTSDALE RD SUITE 100  
SCOTTSDALE, AZ 85258

DATE 9-30-13

PAY TO THE ORDER OF Michael D. Wilson \$ 6,011.53  
Six thousand eleven and 53/100 DOLLARS

JOHNSON BANK

FOR Duff

for deposit only  
3687

Date:10/04/2013 Amount:\$6,011.53 Sequence:413979940 AppID:2

USA BARCELONA REALTY ADVISORS, LLC  
7008 N SCOTTSDALE RD SUITE 100  
SCOTTSDALE, AZ 85258

DATE 9-30-13

PAY TO THE ORDER OF Richard Harkins \$ 6,500.00  
Six thousand five hundred DOLLARS

JOHNSON BANK

FOR Duff

0758954423 Johnson Bank 089001000376200 20131003 11:33:32

for deposit only  
3687

Date:10/03/2013 Amount:\$6,500.00 Sequence:800734490 AppID:2



ACC006032  
FILE #8503

USA BARCELONA REALTY ADVISORS, LLC  
7025 N SCOTTSDALE RD SUITE 100  
SCOTTSDALE, AZ 85253

DATE 12-5-13

PAY TO THE ORDER OF Bruce Orr \$ 1,923.84  
One thousand nine hundred twenty three & 84/100 DOLLARS

JOHNSON BANK

FOR [Signature]

[Back of check with MICR line and signature]

Date:12/06/2013 Amount:\$1,923.84 Sequence:418565260 AppID:2

USA BARCELONA REALTY ADVISORS, LLC  
7025 N SCOTTSDALE RD SUITE 100  
SCOTTSDALE, AZ 85253

DATE 12-9-13

PAY TO THE ORDER OF Anthony J. Nance \$ 863.60  
Eight hundred sixty three & 60/100 DOLLARS

JOHNSON BANK

FOR [Signature]

[Back of check with MICR line and signature]

Date:12/16/2013 Amount:\$863.60 Sequence:419216920 AppID:2

USA BARCELONA REALTY ADVISORS, LLC  
7025 N SCOTTSDALE RD SUITE 100  
SCOTTSDALE, AZ 85253

DATE 12-9-13

PAY TO THE ORDER OF Kaiser & Carolin \$ 1,375.00  
One thousand three hundred seventy five DOLLARS

JOHNSON BANK

FOR [Signature]

[Back of check with MICR line and signature]

Date:12/11/2013 Amount:\$1,375.00 Sequence:418913480 AppID:2

USA BARCELONA REALTY ADVISORS, LLC  
7025 N SCOTTSDALE RD SUITE 100  
SCOTTSDALE, AZ 85253

DATE 12-13-13

PAY TO THE ORDER OF Richard Harkins \$ 5,000.00  
Five thousand DOLLARS

JOHNSON BANK

FOR [Signature]

[Back of check with MICR line and signature]

Date:12/13/2013 Amount:\$5,000.00 Sequence:800179520 AppID:2

USA BARCELONA REALTY ADVISORS, LLC  
7025 N SCOTTSDALE RD SUITE 100  
SCOTTSDALE, AZ 85253

DATE 12-13-13

PAY TO THE ORDER OF Bonnie Cook \$ 2,172.68  
Two thousand one hundred seventy two & 68/100 DOLLARS

JOHNSON BANK

FOR [Signature]

[Back of check with MICR line and signature]

Date:12/16/2013 Amount:\$2,172.68 Sequence:419247290 AppID:2

ACC006046  
FILE #8503



USA BARCELONA REALTY ADVISORS, LLC  
1028 N SCOTTSDALE RD SUITE 102  
SCOTTSDALE, AZ 85260

DATE 2-14-14

PAY TO THE ORDER OF Bruce Orr \$5,242.20  
Five thousand two hundred forty two & 20/100 DOLLARS

JOHNSON BANK

FOR Dec 2013 Jan 2014 Expense Dr. H.

1256

2-14-14

5,242.20

Dr. H.

Date: 02/20/2014 Amount: \$5,242.20 Sequence: 424137260 AppID: 2

USA BARCELONA REALTY ADVISORS, LLC  
1028 N SCOTTSDALE RD SUITE 102  
SCOTTSDALE, AZ 85260

DATE 2-14-14

PAY TO THE ORDER OF Connie Cook \$2,172.68  
Two thousand one hundred seventy two & 68/100 DOLLARS

JOHNSON BANK

FOR Dr. H.

1257

2-14-14

2,172.68

Connie Cook

Date: 02/19/2014 Amount: \$2,172.68 Sequence: 423970310 AppID: 2

USA BARCELONA REALTY ADVISORS, LLC  
1028 N SCOTTSDALE RD SUITE 102  
SCOTTSDALE, AZ 85260

DATE 2-14-14

PAY TO THE ORDER OF Paul Meba \$2,961.57  
Two thousand nine hundred sixty one & 57/100 DOLLARS

JOHNSON BANK

FOR Dr. H.

1258

2-14-14

2,961.57

Paul Meba

Date: 02/19/2014 Amount: \$2,961.57 Sequence: 423965930 AppID: 2

USA BARCELONA REALTY ADVISORS, LLC  
1028 N SCOTTSDALE RD SUITE 102  
SCOTTSDALE, AZ 85260

DATE 2-14-14

PAY TO THE ORDER OF Mrs. Kelly Bair \$600.00  
Six hundred DOLLARS

JOHNSON BANK

FOR 4th Qtr 2013 Interest Dr. H.

1259

2-14-14

600.00

Mrs. Kelly Bair

Date: 02/25/2014 Amount: \$600.00 Sequence: 424477660 AppID: 2

USA BARCELONA REALTY ADVISORS, LLC  
1028 N SCOTTSDALE RD SUITE 102  
SCOTTSDALE, AZ 85260

DATE 2-14-14

PAY TO THE ORDER OF Richard and Sharon Woods \$3,000.00  
Three thousand DOLLARS

JOHNSON BANK

FOR 4th Qtr 2013 Interest Dr. H.

1260

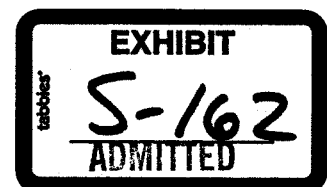
2-14-14

3,000.00

Richard and Sharon Woods

Date: 02/21/2014 Amount: \$3,000.00 Sequence: 424236460 AppID: 2

ACC006057  
FILE #8503



USA BARCELONA REALTY ADVISORS, LLC  
1261  
DATE 2-14-14  
\$3,000.00  
JOHNSON BANK  
FOR [Signature]

1261  
[Signature]

Date:02/24/2014 Amount:\$3,000.00 Sequence:424276210 AppID:2

USA BARCELONA REALTY ADVISORS, LLC  
1263  
DATE 2-14-14  
\$1,500.00  
JOHNSON BANK  
FOR [Signature]

1263  
[Signature]

Date:02/19/2014 Amount:\$1,500.00 Sequence:423970510 AppID:2

USA BARCELONA REALTY ADVISORS, LLC  
1264  
DATE 2-14-14  
\$2,334.00  
JOHNSON BANK  
FOR [Signature]

1264  
[Signature]

Date:02/21/2014 Amount:\$2,334.00 Sequence:424223010 AppID:2

USA BARCELONA REALTY ADVISORS, LLC  
1265  
DATE 2-14-14  
\$608.22  
JOHNSON BANK  
FOR [Signature]

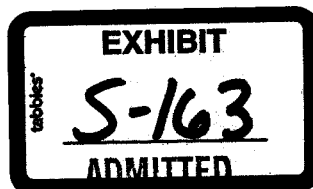
1265  
[Signature]

Date:02/24/2014 Amount:\$608.22 Sequence:424344820 AppID:2

USA BARCELONA REALTY ADVISORS, LLC  
1266  
DATE 2-14-14  
\$500.00  
JOHNSON BANK  
FOR [Signature]

1266  
[Signature]

Date:02/19/2014 Amount:\$500.00 Sequence:423965920 AppID:2



ACC006058  
FILE #8503

USA BARCELONA REALTY ADVISORS, LLC  
7000 N SCOTTSDALE RD SUITE 100  
SCOTTSDALE, AZ 85258

DATE 2-14-14

PAY TO THE ORDER OF Protein Group LLC \$ 1500.00  
One thousand five hundred DOLLARS

JOHNSON BANK

FOR Feb 2013 Interest

*[Signature]*

*[Faint background text and a vertical stamp on the right edge that reads "For deposit only" with a date "3/07/14"]*

Date: 03/05/2014 Amount: \$1,500.00 Sequence: 425093220 AppID: 2

USA BARCELONA REALTY ADVISORS, LLC  
7000 N SCOTTSDALE RD SUITE 100  
SCOTTSDALE, AZ 85258

DATE 2-29-14

PAY TO THE ORDER OF Connie Cook \$ 2,172.68  
Two thousand one hundred seventy two & 68/100 DOLLARS

JOHNSON BANK

FOR RENT

*[Signature]*

*[Faint background text and a vertical stamp on the right edge that reads "For deposit only" with a date "3/07/14"]*

Date: 03/03/2014 Amount: \$2,172.68 Sequence: 424791200 AppID: 2

USA BARCELONA REALTY ADVISORS, LLC  
7000 N SCOTTSDALE RD SUITE 100  
SCOTTSDALE, AZ 85258

DATE MARCH 3, 2014

PAY TO THE ORDER OF USA Barcelona Realty Advisors, LLC \$ 10,000.00  
Ten thousand and 00/100 DOLLARS

JOHNSON BANK

FOR ARMOR BANK A/C DEPOSIT

*[Signature]*

*[Faint background text and a vertical stamp on the right edge that reads "For deposit only" with a date "3/07/14"]*

Date: 03/05/2014 Amount: \$10,000.00 Sequence: 44123220 AppID: 2

USA BARCELONA REALTY ADVISORS, LLC  
7000 N SCOTTSDALE RD SUITE 100  
SCOTTSDALE, AZ 85258

DATE 3-3-14

PAY TO THE ORDER OF Connie's \$ 885.43  
Eight hundred eighty five & 43/100 DOLLARS

JOHNSON BANK

FOR RENT

*[Signature]*

*[Faint background text and a vertical stamp on the right edge that reads "For deposit only" with a date "3/07/14"]*

Date: 03/10/2014 Amount: \$885.43 Sequence: 425337820 AppID: 2

USA BARCELONA REALTY ADVISORS, LLC  
7000 N SCOTTSDALE RD SUITE 100  
SCOTTSDALE, AZ 85258

DATE 5-3-14

PAY TO THE ORDER OF RFI Scottsdale LLC \$ 6,011.53  
Six thousand eleven & 53/100 DOLLARS

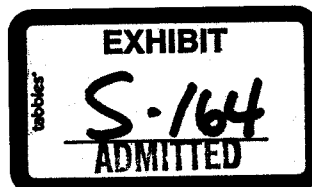
JOHNSON BANK

FOR RENT

*[Signature]*

*[Faint background text and a vertical stamp on the right edge that reads "For deposit only" with a date "3/07/14"]*

Date: 03/07/2014 Amount: \$6,011.53 Sequence: 425221030 AppID: 2



ACC006060  
FILE #8503

INVOICE OF CHARGES FOR SERVICES		DATE	TIME
07590115322	Johnson, Barbara	89001001126810	2007/11/28 13:05:13
TOTAL			

(Return to the Department of Justice, Bureau of the Census, Washington, D.C. 20540)  
 4313  
 JPMORGAN CHASE BANK, NA  
 71,000,000  
 1/12/80  
 PAY TO THE ORDER OF Barcelona Administrativa Company \$50,000  
fifty thousand and no/100ths  
 A NATIONAL CLEARING CORPORATION  
 7-113

>075911852< Johnson Bank 89001001126820 2012/10/20 15:05:18  
 DEPOSIT TO THE ACCOUNT OF  
 THE ABOVE NAMED PARTY  
 MONIES INCORPORATED GUARANTEED  
 JOHNSON BANK

**EXHIBIT**  
**S-165**  
**ADMITTED**

**ACC006064**  
**FILE #8503**

# CERTIFICATE OF CUSTODIAN OF RECORDS

STATE OF NEVADA)

ss:

COUNTY OF CLARK)

NOW COMES Maria Syroia, who after being duly sworn, deposes and says:

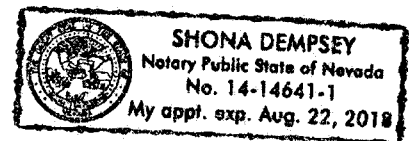
- 1) That the deponent is the employee of the bank and in such capacity is a custodian of the records of the institution;
- 2) That the institution is licensed to do business as a bank in the State of Arizona;
- 3) That on the 14<sup>th</sup> day of July, 2015 the deponent was served with a subpoena in connection with the above entitled cause, calling for the production of records pertaining to USA Barcelona Realty Advisors LLC;
- 4) That the deponent has examined the original of those records and has made a true and exact copy of them and that the reproduction of them attached is true and complete;
- 5) That the original of those records was made at or near the time of the acts, events, conditions or opinions recited therein by or from information transmitted by a person with knowledge in the course of a regularly conducted activity of the deponent or the office or institution in which the deponent is engaged.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on 7-27-15  
(DATE)

[Signature]  
(SIGNATURE)

SUBSCRIBED AND SWORN TO BEFORE ME,  
this 27<sup>th</sup> day of July, 20 15  
[Signature]



NOTARY PUBLIC in and for said County and State

My appointment expires: 8/22/18



ACC006087  
FILE #8503

DDA Credits - 8/1/2014 - \$15,000.00

DATE 8/11/14

NAME USA Barcelona

ACCOUNT NO. [REDACTED] 82870

**Alliance Bank**  
OF ARIZONA

alliancebankofarizona.com • (602)707-3600

\$ 15,000.00

DATE		CURRENCY	DOLLARS	CENTS
		CHECKS DEPOSITED		
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
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21				
22				
23				
24				
25				
26				
27				
28				
		TOTAL BACKSIDE OF ATTACHED LIST		
		PLEASE PRINT TOTAL HERE		

USE OTHER SIDE FOR ADDITIONAL LISTING  
PLEASE BE SURE ALL ITEMS ARE PROPERLY ENDORSED


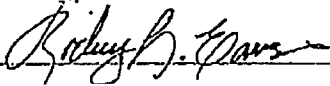
TOTAL ITEMS

CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE PROVISIONS OF THE UNIFORM COMMERCIAL CODE OR ANY APPLICABLE COLLECTION AGREEMENT. DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL.

DDA Credits - 8/1/2014 - \$15,000.00

RECORD OF CHECKS FOR DEPOSIT		
CHECKS LIST EACH SEPARATELY	DOLLARS	CENTS
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
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19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
TOTAL THIS SIDE		
ENTER THE TOTAL IN THE SPACE PROVIDED ON FRONT		
CASH COUNT FOR DEPOSIT USE ONLY		
	X 100	
	X 50	
	X 20	
	X 10	
	X 5	
	X 2	
	X 1	
TOTAL	\$	

Transit - 8/1/2014 - \$15,000.00

<b>RODNEY L. EAVES</b> [Redacted] <b>AZ</b>		<b>1157</b> 91-8744/1221 236
		<u>7/31/14</u> <i>Date</i>
<i>Pay to the</i> <i>Order of</i> <u>USA PARCELONA</u>	\$ <u>15,000</u>	
<u>FIFTEEN THOUSAND</u>	<u>\$ 00/100</u>	<u>~~~~~</u> <i>Dollars</i>
 <b>MIDFIRST BANK</b> Phoenix, Arizona www.midfirst.com 602.401.5000	<b>ACC006089</b> FILE #8503	<b>Titanium Money Market Savings</b>
<i>For</i> _____	 <i>_____</i> <b>MF</b>	

DDA Credits - 7/14/2014 - \$15,000.00

DEPOSIT TICKET

DATE 7/14/14

CURRENCY USA Barcelona

COINS 15,000

CHECKS 15,000

ALLIANCE BANK OF ARIZONA

Account No. 88870

\$ 15,000.00

009 0251K

CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE UNIFORM COMMERCIAL CODE AND ANY APPLICABLE COLLECTION AGREEMENT.

DDA Credits - 7/14/2014 - \$15,000.00

RECORD OF CHECKS FOR DEPOSIT

CHECKS LIST EACH SPANISH

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28

DOLLARS

CENTS

TOTAL THIS SIDE

ENTER THE TOTAL IN THE SPACE PROVIDED ON FRONT

CASH COUNT - FOR DEPOSIT USE ONLY

100 50 20 10 5 2 1

TOTAL \$

Transit - 7/14/2014 - \$15,000.00

RODNEY L. EAVES

1155

91-5744/1221

226

7/14/14 Date

Pay to the Order of USA Barcelona Realty Advisors, LLC \$ 15,000.00

Fifteen thousand & 00/100 Dollars

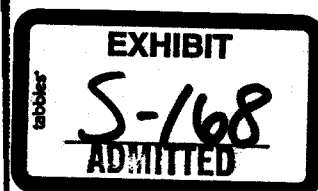
MIDFIRST BANK

Titanium Money Market Savings

For Rodney L. Eaves

ACC006094

FILE #8503



DDA Credits - 6/16/2014 - \$10,000.00

DEPOSIT TICKET		DATE		DOLLARS		CENTS	
CURRENCY							
COINS							
CHECKS	US \$						
1							
2							
3							
4							
5							
6							
7							
8							
9							
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26							
27							
28							
TOTAL DEPOSITS ON ATTACHED LIST							
TOTAL							
TOTAL DEPOSITS ON ATTACHED LIST							
TOTAL							

USE OTHER SIDE FOR ADDITIONAL LISTING.  
PLEASE BE SURE ALL ITEMS ARE PROPERLY ENDORSED.

CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE UNIFORM COMMERCIAL CODE AND ANY APPLICABLE COLLECTION AGREEMENT. DEPOSITORS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL.

91-598/1221-03

TOTAL ITEMS

NAME USA Barcelona Realty Alliance Bank  
OF ARIZONA

ACCOUNT NO. 8870 alliancebankofarizona.com - (677) 273-2265

\$ 10,000.00

009

SL50K

DDA Credits - 6/16/2014 - \$10,000.00

RECORD OF CHECKS FOR DEPOSIT		
CHECKS LIST SEPARATELY	DOLLARS	CENTS
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
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26		
27		
28		
29		
30		
TOTAL THIS SIDE \$ 23		
TOTAL IN THE BACK PROVIDED ON FRONT \$ 11		
ENTER THE TOTAL IN THE SPACE PROVIDED ON FRONT		
CASH COUNT - FOR DEPOSIT USE ONLY		
X 100		
X 50		
X 20		
X 10		
X 5		
X 2		
X 1		
TOTAL \$		

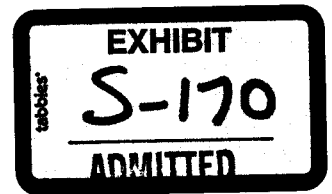
Transit - 6/16/2014 - \$5,000.00

RICHARD E ANDRADE  
 ELIZABETH ANDRADE  
 PH. [REDACTED] AZ [REDACTED]  
 91-549/1221  
 2014  
 No  
 Date 6/16/2014  
 USA Barcelona Realty Advisors \$5,000.00  
 Five thousand and no/100 LLC  
 BANK OF ARIZONA  
 PHOENIX, ARIZONA  
 bankofarizona.com  
 ACC006097  
 FILE #8503  
 Richard Andrade MP

EXHIBIT  
S-169  
ADMITTED

**Robert Kerrigan**

**From:** Dick Harkins [dick.harkins@REDACTED]  
**Sent:** Friday, January 11, 2013 9:35 AM  
**To:** bob kerrigan



Bob: does this help

Your client, if our investment partner, would be a part of Barcelona Administration Company, the advisor to USA Barcelona Realty Trust.

**Richard Harkins** – President and Director, and will serve on the Executive Committee. Through his leadership, Barcelona has been fostered from a concept to an operating company with a primary focus on acquiring and owning properties. Mr. Harkins focus is on executive management, developing business relationships with major franchisees of Marriott, Hilton and other top brand properties and the capital needs of the Company. Mr. Harkins' business career began with 13 years in equity finance, land acquisition and executive management with Gulf Oil Real Estate Development Corporation and Cardinal Industries. Since 1987, he has been involved in the real estate industry in the development of high-end daily fee golf courses, and over the period 2002 through mid-2009 in the creation and executive management of Arizona Village Communities Operating Company, Inc. ("AVC"), a land development, luxury community developer and real estate investment company. Mr. Harkins has been involved as the responsible executive in the acquisition of sites and the financing of over 170 limited service hotels, over 550 apartment communities and the assembly of over \$2.5 billion dollars of public and private equity and debt capital. Mr. Harkins is a University of Alabama graduate with a degree in accounting. He served over nine years of active duty in the US Navy with specialties in radar, and related electronic warfare systems. He is proficient in the design and implementation of organization and financial structures for complex organizations, including REITs.

**George T. Simmons III** – He will serve as a Director and member of the Executive Committee. Mr. Simmons is a self-employed business Advisor, consultant, independent director, and private investor, with 45 years of business experience in semiconductor and electronic components industries, retail and restaurant establishments, and real estate holding companies. His background also includes substantial international business experience. Mr. Simmons is a graduate of the University of Nebraska and completed post-graduate work at both the University of Nebraska and Arizona State University. Mr. Simmons has 22 years of executive management tenure in large corporations such as Intel, Motorola, Oki Electric (Japanese) and Daimler-Benz (German), as well as entrepreneurial experience from the co-founding of seven business enterprises between 1985 and 2005. Businesses co-founded by Mr. Simmons include two real estate holding companies, three restaurants, a small retail chain and a semiconductor manufacturing Company operating in Taiwan and mainland China. Mr. Simmons continues to maintain his original ownership position in four of these business enterprises that he co-founded; three have been sold. Currently, Mr. Simmons provides consulting and Advisory services through his Company, Simmons and Associates, LLC, primarily to U.S.-based companies wishing to do business in Asia. Mr. Simmons was a director of Arizona Village Communities Operating Company

**Bruce Orr** – He will serve as an Advisor to the board of directors. Mr. Orr is currently President of Bruce Orr and Associates, LLC and is a full Partner in District Development Partners, LLC. He has a background in Corporate Finance and Commercial Banking and has been an active consultant to businesses throughout the Western U.S. for the last 22 years. He earned his MBA from Pepperdine University and was trained in banking and finance while with Wells Fargo Bank. He also has experience as a general contractor building single family homes. He has consulted for housing as well as commercial and industrial real estate developers. He has vast experience in corporate finance, including merger and acquisition, ESOP and real estate financing. Mr. Orr has spent the last six years working within hotel development. He has relationships with Hilton, Choice and Marriott Hotels. He has spent four years developing relationships in Buena Park, California, where he and District Development Partners are currently working on an expanded redevelopment of the entertainment district.

**Allen Weintraub** – Mr. Weintraub will serve as an Advisor to the board of directors. Mr. Weintraub had a long and distinguished career in the financial services industry. Over the course of 18 years he managed over \$120 million of assets for retail investment clients for Merrill Lynch, UBS, and Prudential Securities. In 2005 Mr. Allen branched out on his own, consulting with several real estate, healthcare, and technology companies to help them in their efforts to build brand and name recognition, market and raise capital. In these last six years he has raised over \$150,000,000 for private ventures in these industries. A native of Reading PA, Mr. Weintraub has spent the last 29 years, and all of his business life in metropolitan Phoenix. He has served on the board of directors of various charitable organizations. Mr. Weintraub will facilitate the fund raising, marketing, and investor relations functions for USA Barcelona Realty Trust, Inc. He has had significant success as an employee of several companies, assisting them in raising capital and has raised over \$100,000,000 in the past three years.

No virus found in this message.

Checked by AVG - [www.avg.com](http://www.avg.com)

Version: 2012.0.2221 / Virus Database: 2638/5527 - Release Date: 01/12/13

**ACC007365 / FILE # 8503**

## Karen Houle

---

**From:** Rich <rich9928@[REDACTED]>  
**Sent:** Thursday, April 28, 2016 3:39 PM  
**To:** Paul Kitchin; Karen Houle  
**Subject:** FW: meeting

Further update,

I didn't meet Dick Harkins and Tom Simmons in January 8 – 10<sup>th</sup>, 2014. I was out of town. So my meeting at their office was later, after the April 5, 2014 investment.

Rich

---

**From:** Rich [mailto:rich9928@[REDACTED]]  
**Sent:** Tuesday, January 07, 2014 7:24 PM  
**To:** 'George T Simmons'  
**Subject:** RE: meeting

Hello George,

Happy new year to you too.

My mobile number is [REDACTED].

I'm out for the remainder of the week, going to the CES event in Las Vegas. Sorry, but I'm not in a position to make an investment at this time.

Best regards,  
Rich

---

**From:** George T Simmons [mailto:tsimmons@usabarcelonara.com]  
**Sent:** Tuesday, January 07, 2014 11:47 AM  
**To:** Rich  
**Subject:** meeting

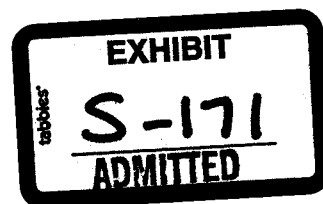
Rich,

Happy New Year! I have misplaced your card, so I don't have your phone number. Please send me your number. Also, I'd like to schedule time with you to come into the office this week to discuss our current capital raise and have you meet more of our team. Do you have time on Wednesday or Thursday?

Thanks,

Tom

**G. Tom Simmons**  
**USA Barcelona Realty Advisors**  
7025 N Scottsdale Rd Ste 160  
Scottsdale, AZ 85253



480.625.4355 Phone

Cell

<mailto:tsimmons@usabarcelonara.com>

[www.usabarcelonarealtyadvisors.com](http://www.usabarcelonarealtyadvisors.com)

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**Karen Houle**

---

**From:** Rich <rich9928@[REDACTED]>  
**Sent:** Thursday, April 28, 2016 2:57 PM  
**To:** Paul Kitchin; Karen Houle  
**Subject:** Barcelona ... past correspondence FW: Investment Update

FYI, past correspondence.

---

**From:** George T Simmons [mailto:[tsimmons@usabarcelonara.com](mailto:tsimmons@usabarcelonara.com)]  
**Sent:** Thursday, September 04, 2014 2:52 PM  
**To:** Rich  
**Subject:** RE: Investment Update

Hi Rich,

A very small amount came in in mid-August, but otherwise nothing has. Of the five investors on our current "potential investor list", two are still active possibilities, but have not committed a date or amount. We are told that they may invest at any time, but that has been the same message for 60 days. Unfortunately, we are out of operating funds at this moment. At this time, we plan to announce and conduct a meeting for existing investors the week of 9/15 to explain the situation and where things stand. More on that shortly.

We do have considerable interest in our HLC-1 Land Entitlement Fund from a number of large equity investors and are in various stages of "selling/negotiating" with them. There are three serious large equity investors involved (one local, one based in Washington DC and one based in Wisconsin, plus several others, who are reviewing our materials and may show interest shortly.

Apart from these activities, we are working with two land owners in Scottsdale, two in Prescott and one in Tempe, and, for the Scottsdale sites, are negotiating terms of an LOI to control the parcels while we conduct pre-contract due-diligence, which costs money. In summary, we need operating capital badly, but we are doing everything possible to raise it and to be prepared to move forward on several development projects when sufficient capital arrives.

Our original HLC-1 PPM called for raising \$10 million to entitle 16 parcels; we have now revised the scope of that PPM to \$6 million for 8 parcels. The terms and timing are about the same.

I certainly appreciate your interest (and concern). We are doing everything we know of to fix the capital shortfall. Any ideas?

Thanks,

Tom

**G. Tom Simmons**  
**USA Barcelona Realty Advisors**  
7025 N Scottsdale Rd Ste 160  
Scottsdale, AZ 85253  
480.625.4355 Phone  
[REDACTED] Cell  
<mailto:tsimmons@usabarcelonara.com>  
[www.usabarcelonarealtyadvisors.com](http://www.usabarcelonarealtyadvisors.com)



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**From:** Rich [mailto:rich9928@ ]  
**Sent:** Thursday, September 04, 2014 1:53 PM  
**To:** George T Simmons  
**Cc:** Info  
**Subject:** Investment Update

Hello Tom,

I was wondering if you have an update on the finance issue with USA Barcelona. Did the planned money come in?

Thanks,  
Rich Andrade

**BRUCE ORR AND ASSOCIATES, LLC**

, CA

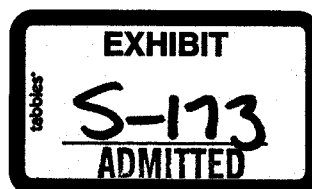
borr14@

DATE 4/22/2013

INVOICE # 4221301

CLIENT **Barcelona Realty Advisors  
7025 N. Scottsdale Rd., Suite 160  
Scottsdale, AZ 85253**

Description	Cost	Payment Received
<b>Travel Expenses</b>		
Meeting October 6, 2012		
Air Travel		
U.S. Airways	\$112.80	
Southwest Airlines	\$76.80	
Total Air	\$ 189.60	
Hotel		
Hampton Inn - Scottsdale	\$ 32.75	
Meeting December 4, 2012		
Air Travel		
U.S. Airways	\$ 219.60	
Meeting January 15, 2013		
Air Travel		
Southwest Airlines	\$ 159.80	
Meeting March 5, 2013		
Air Travel		
U.S. Airways	\$68.90	
Southwest Airlines	\$68.90	
Total Air	\$ 137.80	
Meeting April 2, 2013		
Air Travel		
U.S. Airways	\$ 287.80	
Meeting April 23, 2013		
Air Travel		
U.S. Airways	\$ 194.80	
Hotel		
Hilton Scottsdale Resort	\$ 201.34	
Sub Total	\$ 1,423.49	\$ -

**TOTAL DUE****\$1,423.49****Note: Please make check payable to Bruce Orr and Associates, LLC**

ACC007299 / FILE # 8503

**BRUCE ORR AND ASSOCIATES, LLC**

██████████, CA ██████████

██████████ borrr14@██████████

DATE 7/31/2013

INVOICE # 7311302

CLIENT **Barcelona Realty Advisors  
7025 N. Scottsdale Rd., Suite 160  
Scottsdale, AZ 85253**

Description	Cost	Payment Received
<b>Travel Expenses</b>		
Outstanding Balance 4/22/13	\$ 1,423.49	
Payment Received 4/23/13 (Thank You)		\$ 1,423.49
Meeting May 15, 2013		
Air Travel		
U.S. Air	\$ 194.80	
Meeting June 18, 2013		
Air Travel		
U.S. Air	\$ 174.80	
Meeting July 2, 2013		
Air Travel		
U.S. Air	\$ 367.80	
Office July 16 - 18, 2013		
Air Travel		
U.S. Air	\$ 208.80	
Hotel		
Hilton Scottsdale Resort	\$ 259.74	
Car Rental		
Enterprise Rent-A-Car	\$ 80.90	
Gas	\$ 10.00	
Meals	\$ 20.00	
Office July 30 - Aug. 1, 2013		
Air Travel		
U.S. Air	\$ 256.80	
Hotel		
Hilton Scottsdale Resort	\$ 234.42	
Car Rental		
Enterprise Rent-A-Car	\$ 80.90	
Gas	\$ 10.00	
Meals	\$ 64.00	
Sub Total	\$ 1,962.96	\$ -

**TOTAL DUE****\$1,962.96****Note: Please make check payable to Bruce Orr**

ACC007300 / FILE # 8503

**BRUCE ORR AND ASSOCIATES, LLC**

CA

borr14@

DATE

7/31/2013

INVOICE

#

7311302

CLIENT

**Barcelona Realty Advisors****7025 N. Scottsdale Rd., Suite 160****Scottsdale, AZ 85253**

Description	Cost	Payment Received
<b>Travel Expenses</b>		
Outstanding Balance 4/22/13	\$ 1,423.49	
Payment Received 4/23/13 (Thank You)		\$ 1,423.49
Meeting May 15, 2013		
Air Travel		
U.S. Air	\$ 194.80	
Meeting June 18, 2013		
Air Travel		
U.S. Air	\$ 174.80	
Meeting July 2, 2013		
Air Travel		
U.S. Air	\$ 367.80	
Office July 16 - 18, 2013		
Air Travel		
U.S. Air	\$ 208.80	
Hotel		
Hilton Scottsdale Resort	\$ 259.74	
Car Rental		
Enterprise Rent-A-Car	\$ 80.90	
Gas	\$ 10.00	
Meals	\$ 20.00	
Office July 30 - Aug. 1, 2013		
Air Travel		
U.S. Air	\$ 256.80	
Hotel		
Hilton Scottsdale Resort	\$ 234.42	
Car Rental		
Enterprise Rent-A-Car	\$ 80.90	
Gas	\$ 10.00	
Meals	\$ 64.00	
Sub Total	\$ 1,962.96	\$ -

**TOTAL DUE****\$1,962.96****Note: Please make check payable to Bruce Orr****ACC007301 / FILE # 8503**

# Barcelona Realty Advisor Expense report

PURPOSE: Exec. Meetings and Travel to Scottsdale

STATEMENT NUMBER:

PAY PERIOD:

From 5/1/2013  
To 8/1/2013

## EMPLOYEE INFORMATION:

Name

Bruce Orr

Position

Executive Member / Acquisitions

SSN

Department

Tom Simmons

Employee ID

Date	Account	Description	Travel	Rental Car	Fuel	Meals	Hotel	Entertainment	Misc.	Total
5/15/2013	Exec. Mtg.	Airfare	\$ 194.80							\$ 194.80
6/18/2013	Exec. Mtg.	Airfare	\$ 174.80							\$ -
7/2/2013	Exec. Mtg.	Airfare	\$ 367.80							\$ -
7/16/2013	Barcel. Office & Exec. Mtg.	Airfare and lunch	\$ 208.80			\$ 15.00				\$ 223.80
7/17/2013		Breakfast			\$ 10.00					\$ 10.00
7/18/2013		Car rental, gas, lunch and hotel	\$ 80.90	\$ 10.00	\$ 10.00	\$ 227.92				\$ 328.82
7/30/2013	Barcel. Office & Exec. Mtg.	Airfare and lunch	\$ 256.80			\$ 11.00				\$ -
7/30/2013		Dinner			\$ 21.00					\$ 267.80
7/31/2013		Breakfast			\$ 10.00					\$ 21.00
7/31/2013		Lunch			\$ 12.00					\$ 10.00
7/31/2013		Dinner			\$ 25.00					\$ 12.00
7/31/2013		Drinks - D. Retterer -Summit dck					\$ 62.00			\$ 25.00
8/1/2013		Hotel and breakfast				\$ 10.00	\$ 230.24			\$ 62.00
8/1/2013		Car rental, gas and lunch		\$ 85.52	\$ 10.00	\$ 11.00				\$ 240.24
			\$ 1,203.00	\$ 166.42	\$ 20.00	\$ 135.00	\$ 458.16	\$ 62.00	\$ -	\$ 106.52
										Subtotal
										Advances
										Total

APPROVED:

NOTES: Standard room rate at Hilton is \$98.00. Upgraded to a Jr. Suite at \$114.00 one week and a Villa at

APPROVED:

NOTES:

Standard room rate at Hilton is \$98.00. Upgraded to a Jr. Suite at \$114.00 one week and a Villa at \$123.00 the other week. Only billing company for standard rate. 8/1/13 receipt also included a meal charge which was deducted and placed in lunch position for 7/30 on Hotel invoice.

ACC007302 / FILE # 8503

## Barcelona Realty Advisor Expense report

PURPOSE: Exec. Meeting and travel to Scottsdale office

STATEMENT NUMBER:

PAY PERIOD:

From 8/1/2013

To 8/15/2013

## EMPLOYEE INFORMATION:

Name

Bruce Orr

Position

Executive Member / Acquisitions

SSN

Department

Tom Simmonds

Employee ID

Date	Account	Description	Travel	Rental Car	Fuel	Meals	Hotel	Entertainment	Misc.	Total
8/6/2013	Barcelona Office	Airfare and lunch	\$ 287.80			\$ 10.00				\$ 297.80
8/6/2013		Dinner				\$ 21.00				\$ 21.00
8/7/2013		Breakfast				\$ 9.00				\$ 9.00
8/7/2013		Lunch				\$ 11.00				\$ 11.00
8/7/2013		Dinner				\$ 22.00				\$ 22.00
8/8/2013		Hotel and breakfast				\$ 9.00	\$ 230.24			\$ 239.24
8/8/2013		Rental Car and gas		\$ 85.52	\$ 15.00					\$ 100.52
8/13/2013	Barcelona Office and Executive Meeting	Airfare and lunch	\$ 287.80			\$ 9.00				\$ 296.80
8/13/2013		Dinner							w/ D. Harkins	\$ -
8/14/2013		Breakfast				\$ 8.00				\$ 8.00
8/14/2013		Lunch				\$ 10.00				\$ 10.00
8/14/2013		Drinks & Dinner				\$ 177.00			D. Retterer & J. Stone	\$ 177.00
8/14/2013									Summit dck	
8/15/2013		Hotel and breakfast				\$ 8.00	\$ 202.78			\$ 210.78
8/15/2013		Rental Car and gas		\$ 80.90	\$ 10.00					\$ 90.90
			\$ 575.60	\$ 166.42	\$ 25.00	\$ 294.00	\$ 433.02	\$ -	\$	
										Subtotal
										\$ 1,494.04
										Advances
										Total
										\$ 1,494.04

APPROVED:

NOTES:

Standard room rate at Hilton is \$98.00. Upgraded to a Vill at \$123.00. Only billing company for standard rate. Week of 8/13 switched to Gainev Suites Rate \$89.00

**BRUCE ORR AND ASSOCIATES, LLC**

, CA

borr14@

DATE

8/15/2013

INVOICE

#

8151303

CLIENT

**Barcelona Realty Advisors****7025 N. Scottsdale Rd., Suite 160****Scottsdale, AZ 85253**

Description	Cost	Payment Received
<b>Travel Expenses</b>		
Outstanding Balance 7/31/13	\$ 2,078.96	
Payment Received 8/1/13		\$ 2,078.96
Office Aug. 6 - Aug. 8, 2013		
Air Travel		
U.S. Air	\$ 287.80	
Hotel		
Hilton Scottsdale Resort	\$ 234.42	
Car Rental		
Enterprise Rent-A-Car	\$ 80.90	
Gas	\$ 10.00	
Meals		
Per Diem	\$ 100.00	
Sub Total	\$ 713.12	\$ -

**TOTAL DUE****\$713.12**

ACC007304 / FILE # 8503

**Note: Please make check payable to Bruce Orr and Associates. LLC**

From 8/16/2013  
To 8/31/2013

Name	Bruce Orr
Department	

\_\_\_\_\_

Date	Account	Description	Travel	Rental Car	Fuel	Meals	Hotel	Entertainment	Misc.	Total
8/20/2013		Airfare and lunch	\$ 287.80			\$ 10.00				\$ 297.80
8/20/2013		Dinner				\$ 40.00			Met Kerry Dozer	\$ 40.00
8/21/2013		Breakfast				\$ 9.00				\$ 9.00
8/21/2013	Barcelona Office	Lunch				\$ 11.00				\$ 11.00
8/21/2013		Dinner							With local friends	\$ -
8/22/2013		Hotel and breakfast				\$ 9.00	\$ 180.00			\$ 189.00
8/22/2013		Rental Car and gas		\$ 80.90	\$ 12.25					\$ 93.15
										\$ -
8/13/2013		Airfare and lunch	\$ 208.80			\$ 11.00				\$ 219.80
8/13/2013		Dinner				\$ 14.00				\$ 14.00
8/14/2013		Breakfast				\$ 9.00				\$ 9.00
8/14/2013	Barcelona Office and Executive Meeting	Lunch							Exec. Member Mtg.	\$ -
8/14/2013		Dinner				\$ 37.00				\$ 37.00
8/14/2013		Hotel and breakfast				\$ 9.00	\$ 202.78			
8/15/2013		Lunch							Rich Dozer & Execs.	\$ -
8/15/2013		Rental Car and gas		\$ 80.90	\$ 10.00					\$ 90.90
			\$ 496.60	\$ 161.80	\$ 22.25	\$ 159.00	\$ 382.78	\$ -	\$ -	\$ 1,010.65
									Subtotal Advances	\$ 1,010.65
									Total	\$ 1,010.65

APPROVED: \_\_\_\_\_

NOTES: This is Page 1 of 2. Airfares for future flights that have already been paid are on the attached page 2.

**NOTES:**  
This is Page 1 of 2. Airfares for future flights that have already been paid are on the attached page 2.

From 8/16/2013  
To 8/31/2013

SSN	Emplo
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[illegible]

# Barcelona Realty Advisor Expense report

PURPOSE: Exec. Meeting and travel to Scottsdale office STATEMENT NUMBER: PAY PERIOD: From 8/16/2013 To 8/31/2013

## EMPLOYEE INFORMATION:

Name Bruce Orr Position Executive Member / Acquisitions SSN XXXXXXXXXX  
 Department Manager Tom Simmons Employee ID XXXXXXXXXX

Date	Account	Description	Travel	Rental Car	Fuel	Meals	Hotel	Entertainment	Misc.	Total
8/20/2013		Airfare and lunch	\$ 287.80							\$ 287.80
8/20/2013		Dinner								\$ -
8/21/2013	Barcelona Office	Breakfast								\$ -
8/21/2013		Lunch								\$ -
8/21/2013		Dinner								\$ -
8/22/2013		Hotel and breakfast					\$ 202.78			\$ 202.78
8/22/2013		Rental Car and gas		\$ 85.52						\$ 85.52
8/13/2013		Airfare and lunch	\$ 287.80							\$ 287.80
8/13/2013		Dinner								\$ -
8/14/2013	Barcelona Office and Executive Meeting	Breakfast								\$ -
8/14/2013		Lunch								\$ -
8/14/2013		Dinner								\$ -
8/15/2013		Hotel and breakfast					\$ 202.78			\$ 202.78
8/15/2013		Rental Car and gas		\$ 85.52						\$ 85.52
			\$ 575.60	\$ 171.04	\$ -	\$ -	\$ 405.56	\$ -	\$ -	
Subtotal										\$ 1,152.20
Advances										
Total										\$ 1,152.20

APPROVED:

NOTES:

ACC007308 / FILE # 8503

From 9/1/2013  
To 9/30/2013

Name	Bruce Orr
Department	

Position	Executive Member / Acquisitions	SSN
Manager	Tom Simmons	Employee

Date	Account	Description	Travel	Rental Car	Fuel	Meals	Hotel	Entertainment	Misc.	Total
9/5/2013	Office	Airfare and lunch	\$ 287.80			\$ 37.00			Lunch w/ J. Teets	\$ 324.80
9/10/2013	Corp. Retreat in Sedona	Lunch				\$ 37.00			W/ Glenn & Connie - Sedona	\$ 37.00
9/12/2013		Dinner				\$ 31.00				\$ 31.00
9/12/2013		Hotel					\$ 163.35			\$ 163.35
9/17/2013	Lodging Conf.	Dinner				\$ 20.00				\$ 20.00
9/18/2013		Dinner				\$ 38.00				\$ 38.00
9/19/2013		Dinner				\$ 26.00				\$ 26.00
9/20/2013		Hotel and breakfast				\$ 9.00	\$ 509.22			\$ 518.22
9/20/2013		Rental Car and gas		\$ 124.44	\$ 31.85					\$ 156.29
9/24/2013	Barcelona Office	Airfare	\$ 129.80							\$ 129.80
9/24/2013		Dinner				\$ 43.00				\$ 43.00
9/25/2013		Dinner				\$ 29.00				\$ 29.00
9/26/2013		Hotel and breakfast				\$ 8.00	\$ 339.48			\$ 347.48
9/26/2013		Rental Car and gas		\$ 83.21	\$ 10.00					\$ 93.21
			\$ 417.60	\$ 207.65	\$ 41.85	\$ 278.00	\$ 1,012.05	\$ -	\$ -	
Subtotal										\$ 1,928.15
Advances										
Total										\$ 1,928.15

APPROVED: \_\_\_\_\_

NOTES: \_\_\_\_\_

**NOTES:**

# Barcelona Realty Advisor Expense report

PURPOSE: Exec. Meeting and Travel to Scottsdale Office

STATEMENT NUMBER:

PAY PERIOD:

From 10/1/2013  
To 10/18/2013

## EMPLOYEE INFORMATION:

Name Bruce Orr  
DepartmentPosition Executive Member / Acquisitions  
Manager Tom SimmonsSSN  
Employee ID

Date	Account	Description	Travel	Rental Car	Fuel	Meals	Hotel	Parking	Misc.	Total
10/3/2013	Office	Airfare	\$ 287.80							\$ 287.80
10/8/2013		Airfare	\$ 129.80							\$ -
10/9/2013	Office and Executive Meeting	Breakfast				\$ 8.00				\$ 8.00
10/9/2013		Dinner				\$ 33.00				\$ 33.00
10/10/2013		Hotel and Breakfast				\$ 8.00	\$ 339.48			\$ 347.48
10/10/2013		Rental Car and Gas		\$ 83.21	\$ 10.00					\$ 93.21
10/14/2013		Airfare	\$ 287.80							\$ 287.80
10/14/2013	Office and Meetings with Corton Partners	Dinner				\$ 38.00				\$ 38.00
10/15/2013		Breakfast				\$ 8.00				\$ 8.00
10/16/2013		Hotel for Tony Manos					\$ 169.74		Corton Partners	\$ 169.74
10/16/2013		Hotel for Chris Corpuz					\$ 169.74		Corton Partners	\$ 169.74
10/17/2013		Hotel and Breakfast				\$ 8.00	\$ 509.22			\$ 517.22
10/17/2013		Rental Car and Gas		\$ 124.48	\$ 20.01			\$ 3.00	Park - Downtown Phoenix	\$ 147.49
			\$ 705.40	\$ 207.69	\$ 30.01	\$ 103.00	\$ 1,188.18	\$ 3.00	\$	
APPROVED:										
NOTES:										
										Subtotal
										Advances
										Total
										\$ 2,237.28
										\$ 2,237.28

## Barcelona Realty Advisor Expense report

PURPOSE: Exec. Meeting and Travel to Scottsdale Office STATEMENT NUMBER: PAY PERIOD: From 10/19/2013 To 10/31/2013

## EMPLOYEE INFORMATION:

Name Bruce Orr Position Executive Member / Acquisitions SSN [REDACTED]  
 Department \_\_\_\_\_ Manager Tom Simmons Employee ID \_\_\_\_\_

Date	Account	Description	Travel	Rental Car	Fuel	Meals	Hotel	Entertainment	Misc.	Total
10/22/2013		Parking Corton Partners Mtg.							\$ 2.50	\$ 2.50
10/23/2013		Airfare - plus canceled airfare	\$ 457.60							\$ 457.60
10/23/2013		Dinner				\$ 32.00				\$ 32.00
10/24/2013	Scottsdale Office	Hotel and Breakfast				\$ 8.00	\$ 169.74			\$ 177.74
10/24/2013		Rental Car and Gas		\$ 42.86	\$ 15.00					\$ 57.86
10/24/2013		Dinner				\$ 23.00				\$ 23.00
10/28/2013		Airfare	\$ 129.80							\$ 129.80
10/28/2013		Dinner				\$ 16.00				\$ 16.00
10/29/2013	Scottsdale Office and Investor Dinner at Lori's	Dinner				\$ 25.00				\$ 25.00
10/31/2013		Hotel and Breakfast				\$ 8.00	\$ 514.22			\$ 522.22
10/31/2013		Hotel - Tony Manos					\$ 158.35			\$ 158.35
10/31/2013		Hotel - Chris Corpuz					\$ 162.35			\$ 162.35
10/31/2013		Rental Car and Gas		\$ 124.48	\$ 20.00					\$ 144.48
10/31/2013			\$ 587.40	\$ 167.34	\$ 35.00	\$ 112.00	\$ 1,004.66	\$ -	\$ 2.50	\$ -
										Subtotal \$ 1,908.90
										Advances Total \$ 1,908.90

APPROVED:

NOTES: Two receipts are included for 10/23/13 travel. First was canceled to attend meeting with Corton Ptnrs.

# Barcelona Realty Advisor Expense report

PURPOSE: Exec. Meeting and Travel to Scottsdale Office

STATEMENT NUMBER:

PAY PERIOD:

From 11/1/2013  
To 11/21/2013

## EMPLOYEE INFORMATION:

Name

Bruce Orr

Department

Position

Manager

Executive Member / Acquisitions

Tom Simmons

SSN

Employee ID

Date	Account	Description	Travel	Rental Car	Fuel	Meals	Hotel	Entertainment	Misc.	Total
11/5/2013		Airfare	\$ 68.90							\$ 68.90
11/6/2013	Barcelona Office	Breakfast				\$ 8.00				\$ 8.00
11/7/2013		Hotel and Lunch				\$ 21.00	\$ 316.70		Lunch w/ Paul Meka	\$ 337.70
11/7/2013		Rental Car and Gas		\$ 83.21	\$ 5.01					\$ 88.22
11/7/2013		Airfare	\$ 68.90							\$ 68.90
11/12/2013	Barcelona Office	Airfare	\$ 143.90							\$ 143.90
11/12/2013		Dinner				\$ 44.00				\$ 44.00
11/13/2013		Breakfast				\$ 8.00				\$ 8.00
11/14/2013		Hotel and Breakfast				\$ 8.00	\$ 316.70			\$ 324.70
11/14/2013		Rental Car and Lunch	\$ 129.80	\$ 83.21	\$ 23.00				Lunch w/ Paul Meka	\$ 106.21
11/18/2013		Airfare (Includes 11/19 Fare)				\$ 39.70				\$ 39.70
11/18/2013		Gas - Drive to Palm Springs							Meeting with Corton Ptnrs.	\$ 39.70
11/19/2013	Barcelona Office	Dinner				\$ 15.00				\$ 15.00
11/20/2013		Breakfast				\$ 8.00				\$ 8.00
11/20/2013		Dinner				\$ 21.00				\$ 21.00
11/21/2013		Hotel and Breakfast				\$ 8.00	\$ 316.70			\$ 324.70
11/21/2013		Rental Car and Gas	\$ 98.90	\$ 83.21	\$ 5.00					\$ 88.21
11/21/2013		Airfare								\$ 98.90
			\$ 510.40	\$ 249.63	\$ 72.71	\$ 141.00	\$ 950.10	\$ -	\$ -	\$ -
										Subtotal
										Advances
										Total
										\$ 1,923.84
										\$ 1,923.84

APPROVED:

NOTES: Airfare for 11/19/13 is included with that of 11/14/13.

ACC007312 / FILE # 8503



## Barcelona Realty Advisor Expense report

PURPOSE: Exec. Meeting and Travel to Scottsdale Office STATEMENT NUMBER: PAY PERIOD: From 12/1/2013 To 12/31/2013

## EMPLOYEE INFORMATION:

Name Bruce Orr Position Executive Member / Acquisitions SSN XXXXXXXXXX  
 Department Department Manager Tom Simmons Employee ID XXXXXXXXXX

Date	Account	Description	Travel	Rental Car	Fuel	Meals	Hotel	Entertainment	Misc.	Total
12/3/2013		Airfare	\$ 68.90							\$ 68.90
12/3/2013		Dinner				\$ 45.00				\$ 45.00
12/4/2013	Barcelona Office	Dinner				\$ 26.00				\$ 26.00
12/5/2013		Hotel					\$ 316.70			\$ 316.70
12/5/2013		Rental Car and Gas		\$ 83.21	\$ 5.00					\$ 88.21
12/5/2013		Airfare	\$ 68.90							\$ 68.90
12/10/2013		Airfare	\$ 98.90							\$ 98.90
12/11/2013	Barcelona Office	Hotel and Breakfast				\$ 8.00	\$ 158.35			\$ 166.35
12/11/2013		Rental Car and Gas		\$ 42.86	\$ 5.00					\$ 47.86
12/11/2013		Airfare	\$ 143.90							\$ 143.90
12/12/2012		Non-refundable Airfare	\$ 112.90							\$ 112.90
									Canceled due to LA Mtg. with Corton Partners	\$ -
										\$ -
										\$ -
			\$ 493.50	\$ 126.07	\$ 10.00	\$ 79.00	\$ 475.05	\$ -	\$ -	\$ 1,183.62
Subtotal										\$ 1,183.62
Advances										
Carry to Page 2										\$ 1,183.62

APPROVED:

NOTES: Airfare for 12/12 had to be rescheduled due to meeting that was added with Corton Partners in LA.

# Barcelona Realty Advisor Expense report

PURPOSE: Exec. Meeting and Travel to Scottsdale Office

STATEMENT NUMBER:

PAY PERIOD:

From 12/1/2013  
To 12/31/2013

## EMPLOYEE INFORMATION:

Name

Bruce Orr

Department

Position  
ManagerExecutive Member / Acquisitions  
Tom Simmons

SSN

Employee ID

Date	Account	Description	Travel	Rental Car	Fuel	Meals	Hotel	Entertainment	Misc.	Total
		From Page 1								
12/17/2013		Airfare	\$ 143.90							\$ 143.90
12/17/2013		Drinks - Hyatt Representative								\$ 51.00
12/18/2013		Breakfast			\$ 8.00				Chris Dobbins - Hyatt	\$ 8.00
12/18/2013		Dinner			\$ 17.00					\$ 17.00
12/19/2013		Hotel				\$ 316.70				\$ 316.70
12/19/2013		Rental Car and Gas		\$ 83.21	\$ 13.00					\$ 96.21
12/19/2013		Lunch			\$ 39.00				With Tom Simmons	\$ 39.00
12/19/2013		Airfare	\$ 68.90							\$ 68.90
12/26/2013		Airfare	\$ 163.80							\$ 163.80
12/26/2013		Dinner								\$ 8.00
12/27/2013		Hotel and Breakfast		\$ 44.00	\$ 2.00	\$ 8.00	\$ 169.74			\$ 177.74
12/27/2013		Rental Car and Gas								\$ 46.00
										\$ -
			\$ 376.60	\$ 127.21	\$ 15.00	\$ 72.00	\$ 486.44	\$ 51.00	\$ -	\$ 2,311.87
Subtotal Advances										\$ 2,311.87
Total										\$ 2,311.87

APPROVED:

NOTES:

From 1/1/2014  
To 1/31/2014

Position	Executive Member / Acquisitions	SSN
Manager	Tom Simmons	Employee ID

[illegible]

From	To
10/1/2000	10/1/2000
10/2/2000	10/2/2000
10/3/2000	10/3/2000
10/4/2000	10/4/2000
10/5/2000	10/5/2000
10/6/2000	10/6/2000
10/7/2000	10/7/2000
10/8/2000	10/8/2000
10/9/2000	10/9/2000
10/10/2000	10/10/2000
10/11/2000	10/11/2000
10/12/2000	10/12/2000
10/13/2000	10/13/2000
10/14/2000	10/14/2000
10/15/2000	10/15/2000
10/16/2000	10/16/2000
10/17/2000	10/17/2000
10/18/2000	10/18/2000
10/19/2000	10/19/2000
10/20/2000	10/20/2000
10/21/2000	10/21/2000
10/22/2000	10/22/2000
10/23/2000	10/23/2000
10/24/2000	10/24/2000
10/25/2000	10/25/2000
10/26/2000	10/26/2000
10/27/2000	10/27/2000
10/28/2000	10/28/2000
10/29/2000	10/29/2000
10/30/2000	10/30/2000
10/31/2000	10/31/2000
11/1/2000	11/1/2000
11/2/2000	11/2/2000
11/3/2000	11/3/2000
11/4/2000	11/4/2000
11/5/2000	11/5/2000
11/6/2000	11/6/2000
11/7/2000	11/7/2000
11/8/2000	11/8/2000
11/9/2000	11/9/2000
11/10/2000	11/10/2000
11/11/2000	11/11/2000
11/12/2000	11/12/2000
11/13/2000	11/13/2000
11/14/2000	11/14/2000
11/15/2000	11/15/2000
11/16/2000	11/16/2000
11/17/2000	11/17/2000
11/18/2000	11/18/2000
11/19/2000	11/19/2000
11/20/2000	11/20/2000
11/21/2000	11/21/2000
11/22/2000	11/22/2000
11/23/2000	11/23/2000
11/24/2000	11/24/2000
11/25/2000	11/25/2000
11/26/2000	11/26/2000
11/27/2000	11/27/2000
11/28/2000	11/28/2000
11/29/2000	11/29/2000
11/30/2000	11/30/2000
12/1/2000	12/1/2000
12/2/2000	12/2/2000
12/3/2000	12/3/2000
12/4/2000	12/4/2000
12/5/2000	12/5/2000
12/6/2000	12/6/2000
12/7/2000	12/7/2000
12/8/2000	12/8/2000
12/9/2000	12/9/2000
12/10/2000	12/10/2000
12/11/2000	12/11/2000
12/12/2000	12/12/2000
12/13/2000	12/13/2000
12/14/2000	12/14/2000
12/15/2000	12/15/2000
12/16/2000	12/16/2000
12/17/2000	12/17/2000
12/18/2000	12/18/2000
12/19/2000	12/19/2000
12/20/2000	12/20/2000
12/21/2000	12/21/2000
12/22/2000	12/22/2000
12/23/2000	12/23/2000
12/24/2000	12/24/2000
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12/26/2000	12/26/2000
12/27/2000	12/27/2000
12/28/2000	12/28/2000
12/29/2000	12/29/2000
12/30/2000	12/30/2000
12/31/2000	12/31/2000
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1/3/2001	1/3/2001
1/4/2001	1/4/2001
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1/6/2001	1/6/2001
1/7/2001	1/7/2001
1/8/2001	1/8/2001
1/9/2001	1/9/2001
1/10/2001	1/10/2001
1/11/2001	1/11/2001
1/12/2001	1/12/2001
1/13/2001	1/13/2001
1/14/2001	1/14/2001
1/15/2001	1/15/2

## Employee ID

**Page 2 of 2**

# Barcelona Realty Advisor Expense report

PURPOSE: Exec. Meeting and Travel to Scottsdale Office

STATEMENT NUMBER:

PAY PERIOD:

From 2/1/2014  
To 2/28/2014

## EMPLOYEE INFORMATION:

Name Bruce Orr  
Department \_\_\_\_\_Position Executive Member / Acquisitions  
Manager Tom SimmonsSSN [REDACTED]  
Employee ID \_\_\_\_\_

Date	Account	Description	Travel	Rental Car	Fuel	Meals	Hotel	Entertainment	Misc.	Total
2/4/2014	Barcelona Office	Airfare	\$ 144.00							\$ 144.00
2/5/2014		Breakfast				\$ 8.00				\$ 8.00
2/5/2014		Dinner				\$ 32.00				\$ 32.00
2/6/2014		Hotel and Breakfast				\$ 8.00	\$ 362.26			\$ 370.26
2/6/2014		Rental Car and Gas		\$ 83.21	\$ 5.00					\$ 88.21
2/6/2014		Airfare	\$ 69.00							\$ 69.00
2/11/2014	Barcelona Office	Airfare	\$ 69.00							\$ 69.00
2/12/2014		Breakfast				\$ 8.00				\$ 8.00
2/12/2014		Dinner				\$ 43.00				\$ 43.00
2/13/2014		Hotel and Breakfast				\$ 8.00	\$ 404.04			\$ 412.04
2/13/2014		Rental Car and Gas		\$ 85.49	\$ 5.00					\$ 90.49
2/13/2014		Airfare	\$ 113.00							\$ 113.00
2/13/2014		Taxi Cab - Airport to Home							\$ 15.00	\$ 15.00
			\$ 395.00	\$ 168.70	\$ 10.00	\$ 107.00	\$ 766.30	\$ -	\$ 15.00	
										Subtotal
										Advances
										Total
										\$ 1,462.00
										\$ 1,462.00

APPROVED:

NOTES:

Page 1 of 2

# Barcelona Realty Advisor Expense report

PURPOSE: Exec. Meeting and Travel to Scottsdale Office

STATEMENT NUMBER:

PAY PERIOD:

From 2/1/2014  
To 2/28/2014

## EMPLOYEE INFORMATION:

Name

Bruce Orr

Department

Position

Manager

Executive Member / Acquisitions

Tom Simmons

SSN

Employee ID

Date	Account	Description	Travel	Rental Car	Fuel	Meals	Hotel	Entertainment	Misc.	Total
		Carryover from Page 1								
2/18/2014		Airfare	\$ 144.00							\$ 1,462.00
2/19/2014		Breakfast				\$ 8.00				\$ 144.00
2/19/2014		Lunch - Bruce, Tom, Dick				\$ 22.78				\$ 8.00
2/19/2014		Dinner				\$ 34.50				\$ 22.78
2/20/2014		Hotel and Breakfast				\$ 8.00	\$ 362.26			\$ 34.50
2/20/2014		Rental Car and Gas		\$ 85.49	\$ 10.00					\$ 370.26
2/20/2014		Airfare	\$ 144.00							\$ 95.49
										\$ 144.00
										\$
2/24/2014		Airfare	\$ 184.00							\$ 184.00
2/25/2014		Breakfast				\$ 8.00				\$ 8.00
2/25/2014		Dinner				\$ 26.00				\$ 26.00
2/26/2014		Hotel and Breakfast				\$ 8.00	\$ 385.04			\$ 393.04
2/26/2014		Rental Car and Gas		\$ 85.49	\$ 10.00					\$ 95.49
2/26/2014		Airfare	\$ 144.00							\$ 144.00
			\$ 616.00	\$ 170.98	\$ 20.00	\$ 115.28	\$ 747.30	\$ -	\$ -	

## USA Barcelona Realty Advisors, LLC

PURPOSE: Expense Reimbursement STATEMENT NUMBER: \_\_\_\_\_ PAY PERIOD: \_\_\_\_\_ From 3/1/2014 To 3/31/2014

## EMPLOYEE INFORMATION:

Name Bruce Orr Position Executive Member / Acquisitions SSN [REDACTED]  
 Department \_\_\_\_\_ Manager Tom Simmons Employee ID \_\_\_\_\_

Date	Account	Description	Hotel	Travel	Fuel	Meals	Car Rental	Entertainment	Misc.	Total
3/4/2014		Airfare (Canceled)		\$ 144.00						\$ 144.00
3/5/2014		Airfare (Canceled)		\$ 144.00						\$ 144.00
3/10/2014		Airfare		\$ 184.00						\$ 184.00
3/10/2014		Dinner				\$ 26.00				\$ 26.00
3/11/2014		Breakfast				\$ 8.00				\$ 8.00
3/12/2014	Barcelona Office Visit	Hotel and Breakfast	\$ 362.26			\$ 8.00				\$ 370.26
3/12/2014		Rental Car and Gas			\$ 5.00		\$ 85.49			\$ 90.49
3/12/2014		Airfare		\$ 144.00						\$ 144.00
3/17/2014		Airfare		\$ 184.00						\$ 184.00
3/17/2014		Lunch				\$ 21.00				\$ 21.00
3/18/2014		Breakfast				\$ 8.00				\$ 8.00
3/19/2014		Airfare (canceled)		\$ 144.00						\$ 144.00
3/19/2014	Barcelona Office Visit	Breakfast				\$ 8.00				\$ 8.00
3/19/2014		Dinner				\$ 22.50				\$ 22.50
3/20/2014		Hotel and Breakfast	\$ 543.39			\$ 8.00				\$ 551.39
3/20/2014		Rental Car and Gas			\$ 14.00		\$ 124.48			\$ 138.48
3/20/2014		Lunch				\$ 24.00				\$ 24.00
3/20/2014		Airfare		\$ 144.00						\$ 144.00
3/21/2014		So. Calif. Tour & Meetings				\$ 29.36			With Tom Simmons	\$ 29.36
3/25/2014		Airfare		\$ 184.00					T. Simmons & K. Coleman	\$ 184.00
3/25/2014		Dinner				\$ 6.94				\$ 6.94
3/26/2014		Breakfast				\$ 8.00				\$ 8.00
3/26/2014		Lunch				\$ 19.00				\$ 19.00
3/26/2014		Dinner				\$ 28.50				\$ 28.50
3/27/2014		Hotel and Breakfast	\$ 362.26			\$ 8.00				\$ 370.26
3/27/2014		Rental Car and Gas			\$ 10.00		\$ 124.48			\$ 134.48
3/27/2014		Airfare		\$ 144.00						\$ 144.00
			\$ 1,267.91	\$ 1,416.00	\$ 29.00	\$ 233.30	\$ 334.45	\$ -	\$ -	\$ 3,280.66
Subtotal Advances										\$ 3,280.66
Total										\$ 3,280.66

NOTES: For hotel and car rental expenses on 3/27/14 I only charged what normally would be expense for a regular trip. Additional charge over the receipt is due to my daughter being with me.

APPROVED: \_\_\_\_\_

ACC007320 / FILE # 8503

Corporate Credit Card Reconciliation  
Expense Reimbursement  
Other

## USA Barcelona Realty Advisors, LLC

PURPOSE: Expense Reimbursement STATEMENT NUMBER: PAY PERIOD: From 4/1/2014 To 4/25/2014

## EMPLOYEE INFORMATION:

Name: Bruce Orr Position: Executive Member / Acquisitions SSN: [REDACTED]  
 Department: Manager Tom Simmons Employee ID: [REDACTED]

Date	Account	Description	Hotel	Travel	Fuel	Meals	Car Rental	Entertainment	Misc.	Total
4/1/2014		Airfare		\$ 184.00						\$ 184.00
4/1/2014		Dinner				\$ 25.00				\$ 25.00
4/2/2014		Breakfast				\$ 8.00				\$ 8.00
4/2/2014		Lunch				\$ 27.00			With Jeff Teets	\$ 27.00
4/3/2014	Barcelona Office	Hotel and Breakfast	\$ 362.26			\$ 8.00				\$ 370.26
4/3/2014		Rental Car and Gas			\$ 5.00		\$ 85.49			\$ 90.49
4/3/2014		Lunch				\$ 16.00				\$ 16.00
4/3/2014		Computer Docking Station								\$ 192.11
4/3/2014		Airfare		\$ 144.00					\$ 192.11	\$ 144.00
4/8/2014		Airfare		\$ 144.00						\$ 144.00
4/8/2014		Dinner				\$ 22.00				\$ 22.00
4/9/2014	Barcelona Office	Hotel and Breakfast	\$ 181.13			\$ 8.00				\$ 189.13
4/9/2014		Rental Car					\$ 42.86			\$ 42.86
4/9/2014		Airfare		\$ 144.00						\$ 144.00
4/15/2014		Airfare		\$ 184.00						\$ 184.00
4/15/2014		Dinner				\$ 15.00				\$ 15.00
4/16/2014	Barcelona Office and Executive Member Meeting	Breakfast				\$ 8.00				\$ 8.00
4/16/2014		Dinner				\$ 21.00				\$ 21.00
4/17/2014		Hotel and Breakfast	\$ 316.70			\$ 8.00				\$ 324.70
4/17/2014		Rental Car and Gas			\$ 5.50		\$ 83.21			\$ 88.71
4/17/2014		Airfare		\$ 144.00						\$ 144.00
4/22/2014		Airfare		\$ 144.00						\$ 144.00
4/22/2014		Lunch				\$ 15.00				\$ 15.00
4/22/2014		Dinner				\$ 35.00				\$ 35.00
4/23/2014		Breakfast				\$ 8.00				\$ 8.00
4/23/2014		Lunch				\$ 33.27			Simmons, Harkins, Wilkerson	\$ 33.27
4/24/2014		Hotel and Breakfast	\$ 362.26			\$ 8.00				\$ 370.26
4/24/2014		Rental Car and Gas			\$ 17.50		\$ 83.21			\$ 100.71
4/24/2014		Lunch - Office				\$ 36.63			5 Members of the Office	\$ 36.63
4/24/2014		Airfare		\$ 144.00						\$ 144.00
			\$ 1,222.35	\$ 1,232.00	\$ 28.00	\$ 301.90	\$ 294.77	\$ 192.11		
										Subtotal
										Advances
										Total
										\$ 3,271.13
										\$ 3,271.13

NOTES: 4/23/14 charge for computer docking station is for use with laptop computer instead of new desktop computer in the office.

APPROVED:

ACC007322 / FILE # 8503

Corporate Credit Card Reconciliation  
Expense Reimbursement  
Other

*For Office Use Only*

**EMPLOYEE INFORMATION:**

SSN	Employee ID
123456789	101
987654321	102
555555555	103
111111111	104
222222222	105
333333333	106
444444444	107
666666666	108
777777777	109
888888888	110

**APPROVED:**

NOTES:

**ACC007324 / FILE # 8503**

Corporate Credit Card Reconciliation  
Expense Reimbursement  
Other

*For Office Use Only*

EMPLOYEE INFORMATION:			
Name	Bruce Orr	Position	Executive Member / Acquisitions
Department			
			SSN
			Employee ID

Date	Account	Description	Hotel	Travel	Fuel	Meals	Car Rental	Entertainment	Misc.	Total
5/20/2014		Airfare		\$ 69.00						\$ 69.00
5/20/2014		Drinks						\$ 32.00	R. LaMacchia - Clark Assoc.	\$ 32.00
5/20/2014		Dinner				\$ 17.00				\$ 17.00
5/21/2014	Barcelona Office	Breakfast				\$ 8.00				\$ 8.00
5/21/2014		Dinner				\$ 30.00				\$ 30.00
5/22/2014		Hotel and Breakfast	\$ 180.00			\$ 8.00				\$ 188.00
5/22/2014		Rental Car and Gas			\$ 12.00		\$ 83.21			\$ 95.21
5/22/2014		Airfare		\$ 101.00						\$ 101.00
5/27/2014		Airfare		\$ 101.00						\$ 101.00
5/27/2014		Dinner				\$ 30.00				\$ 30.00
5/28/2014	Barcelona Office, Chanan Meeting, and Executive Member Meeting	Breakfast				\$ 8.00				\$ 8.00
5/28/2014		Dinner				\$ 30.00				\$ 30.00
5/28/2014		Rental Car Gas		\$ 10.00						\$ 10.00
5/29/2014		Hotel and Breakfast	\$ 180.00			\$ 8.00				\$ 188.00
5/29/2014		Rental Car					\$ 124.48			\$ 124.48
5/29/2014		Airfare		\$ 101.00						\$ 101.00
5/29/2014		Taxi Cab - Airport to Home		\$ 15.14						\$ 15.14
6/4/2014		Airfare		\$ 69.00						\$ 69.00
6/4/2014	Barcelona Office, SkySong Meeting, Kevin Coleman Meeting	Dinner				\$ 27.00				\$ 27.00
6/5/2014		Hotel and Breakfast	\$ 90.00			\$ 8.00				\$ 98.00
6/5/2014		Lunch				\$ 61.00			K. Coleman & Barcelona	\$ 61.00
6/5/2014		Rental Car and Gas			\$ 7.00		\$ 78.60			\$ 85.60
6/5/2014		Airfare		\$ 105.00						\$ 105.00
6/6/2014	Lewis Co.	Drinks - Gary Bauer, Lewis Co.					\$ 50.00		Gary Bauer, Lewis Company	\$ 50.00
6/11/2014		Credit Card Interest						\$ 77.56		\$ 77.56
6/11/2014	Barcelona Office, Hilton Meeting	Airfare		\$ 144.00						\$ 144.00
6/11/2014		Dinner				\$ 31.00				\$ 31.00
6/12/2014		Hotel and Breakfast	\$ 101.39			\$ 8.00				\$ 109.39
6/12/2014		Rental Car and Gas			\$ 5.00		\$ 42.86			\$ 47.86
6/12/2014		Airfare		\$ 144.00						\$ 144.00
			\$ 551.39	\$ 849.14	\$ 34.00	\$ 274.00	\$ 329.15	\$ 82.00	\$ 77.56	\$ 2,197.24
									Subtotal Advances	\$ 2,197.24
									Total	\$ 2,197.24

APPROVED:

NOTES: Credit Card Interest preapproved by T. Simmons 6/6/14.  
because of delayed USABRA expense reimbursements.

**ACC007326 / FILE # 8503**

Corporate Credit Card Reconciliation  
Expense Reimbursement  
Other

*For Office Use Only*

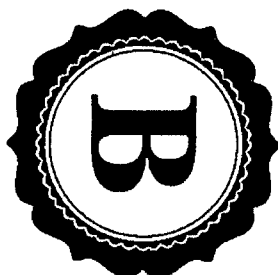
From 6/15/2014  
To 7/31/2014

NCS

**NOTES:** Wire transfer fee (6/16/14), Loan to USA BR.  
Credit Card Interest approved by Tom Simmons

**ACC007328 / FILE # 8503**

Corporate Credit Card Reconciliation  
Expense Reimbursement  
Other



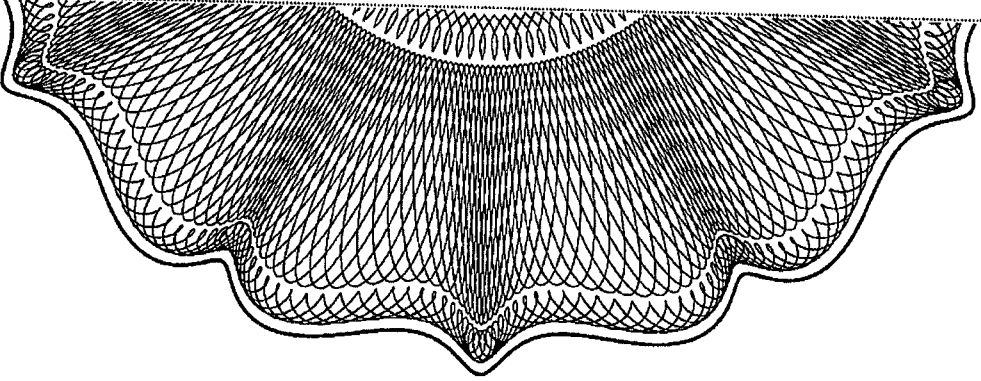
# USA Barcelona

*an innovative company - a timely opportunity*

CREATE. GROW. SUSTAIN.



# Mission Statement



*In order to create a high-performance real estate property portfolio, our Mission at USA Barcelona is to develop and invest in hotels and other types of income producing real estate.*

*Our growth objectives aim to preserve, protect and maximize the long-term value of these assets to meet the needs of our investors through revenue, asset and risk management.*

*To sustain profitability, we intend to maintain our properties with an institutional quality mindset and manage our capital structure with preservation of investor equity foremost in mind.*

This is neither an offer to sell nor a solicitation to buy any securities. Any such offer can only be made by an Offering Memorandum for Prospectus containing more complete disclosure information including Risk Factors and Forward Looking Information pertaining to the offering made by USA Barcelona or any of its affiliates.



## USA Barcelona

USA BARCELONA has been created in response to investment opportunities in the hotel sector. We seek opportunity, diversification and growth through acquisitions, development, investments and joint ventures. Our Hospitality Holding Company subsidiary is planned to be employed for those activities, including operating partnership unit transactions. This structure provides broad transaction flexibility and fosters the ability to achieve our core objectives of: (i) obtaining diverse opportunities through selection of properties in proven markets that include quality assets and top-tier property managers; (ii) balancing risk/reward in our capital structure; and (iii) operating under a "best business practices" dictum.

We have CREATED a business plan that addresses current opportunities and allows GROWTH in an ever-changing economy. Of great importance, we must enable our company to deal with opportunity in a manner that is SUSTAINABLE and works toward ever increasing operating efficiencies and investment returns for our investors. To achieve these ends, we have assembled an excellent management team comprised of executives, directors and advisors, who have an equity interest in our company to foster and protect. Indeed! We are a team embracing opportunity through the execution of common goals and objectives.

We plan to assemble a hotel portfolio of performing properties through acquisitions, development and investments, as well as through redevelopment via joint ventures. Along the way, we intend to maintain the balance of portfolio capital mix to assure a substantial hedge against any capital market fluctuations. We expect that within approximately six to seven years the company may either sell all or substantially all our assets, merge with another company, or conduct an initial public offering.

At the appropriate time, we intend to qualify as a Real Estate Investment Trust (REIT). Conducting win-win transactions with hotel developers and owners is the USA Barcelona business model. We appreciate your interest and encourage you to explore the diverse investment opportunities with us.

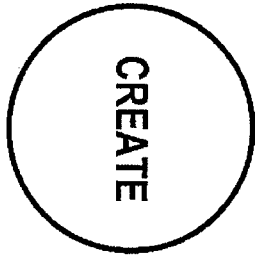
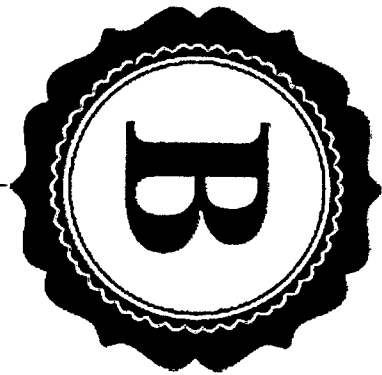
Best Regards,

USA BARCELONA REALTY ADVISORS, LLC

7025 North Scottsdale Road ♦ Suite 160 ♦ Scottsdale, AZ 85253

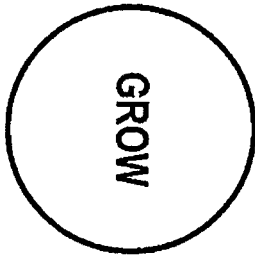
Telephone: (480) 625-4355 ♦ Fax: (480) 625-4347

[www.usabarcelonarealtyadvisors.com](http://www.usabarcelonarealtyadvisors.com)



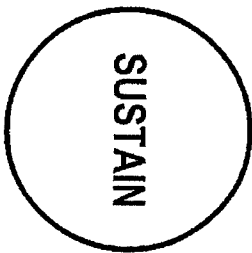
We intend to develop and invest in leading branded hotels with a keen focus on creating a diversified high quality property portfolio.

PAGE  
5



Our plan is to grow through acquisitions, development, investments and joint ventures.

PAGE  
11



We strive to sustain our conservative investment strategy through a balanced risk/reward equation.

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13

# USA Barcelona Realty Holding Company, LLC

Our initial business objective focuses on hotel acquisitions, developments, investments and joint ventures.

The organizational relationship of USA Barcelona Realty Holding Company (USA RHC) to its subsidiaries, all of which are administered by USA Barcelona Realty Advisors (USA BRA), is presented in the following chart. Neither USA RHC nor the subsidiaries have employees or facility overhead. All employees and facilities are provided by USA BRA under an advisory agreement for services to USA RHC. Our organizational structure is characteristic of a traditional UPREIT. We may elect to operate one of our Funds as a REIT at a future date.

The advisory arrangement is intended to avoid internal conflicts that prevail in self-administered Funds and allows for a practical approach to developing a broadly capable organization that serves the company and the Funds. Certain of the company's directors and executives will be in a manager or employee capacity with USA BRA. Of importance in making balanced business decisions, each Fund will have a board of independent directors.

## ENTITY:

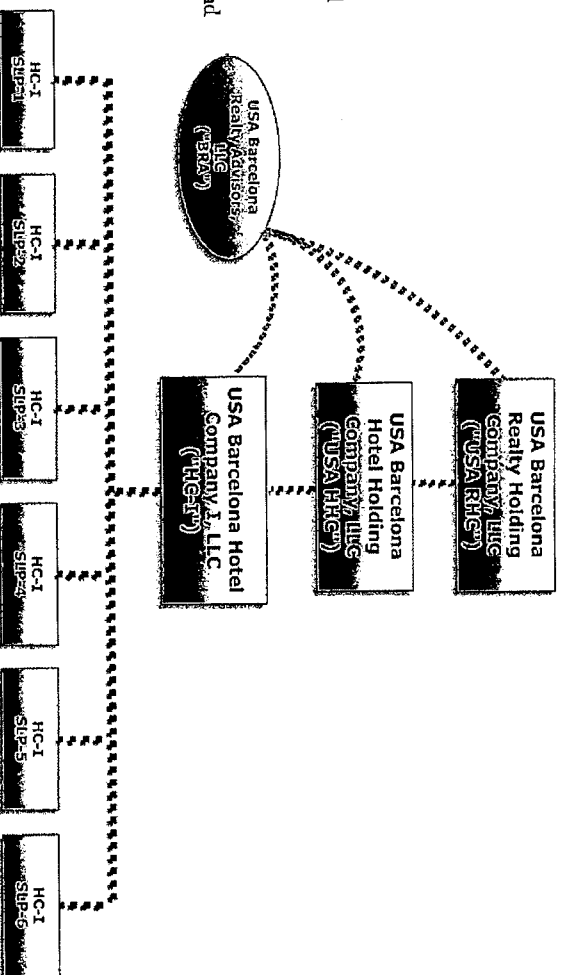
**USA Barcelona Realty Holding Company, LLC (USA RHC)**  
A holding company for all USA Barcelona real estate assets.

**USA Barcelona Hotel Holding Company, LLC (USA HHC)**  
A holding company that is the managing member of each HC.

**USA Barcelona Hotel Company I, LLC (HC-I)**  
The owner entity and developer of several individual hotel land parcel subsidiaries (SLP LLCs).

**Single Land Parcel, LLCs (SLP LLC)**  
Each subsidiary SLP LLC contracts to acquire a parcel of land which will be made ready for construction of a hotel thereon and the subsequent operations and ultimate sale of the hotel.

**USA Barcelona Realty Advisors, LLC (USA BRA)**  
The advisor to USA RHC, HHC, HC-I and its SLP Affiliates.



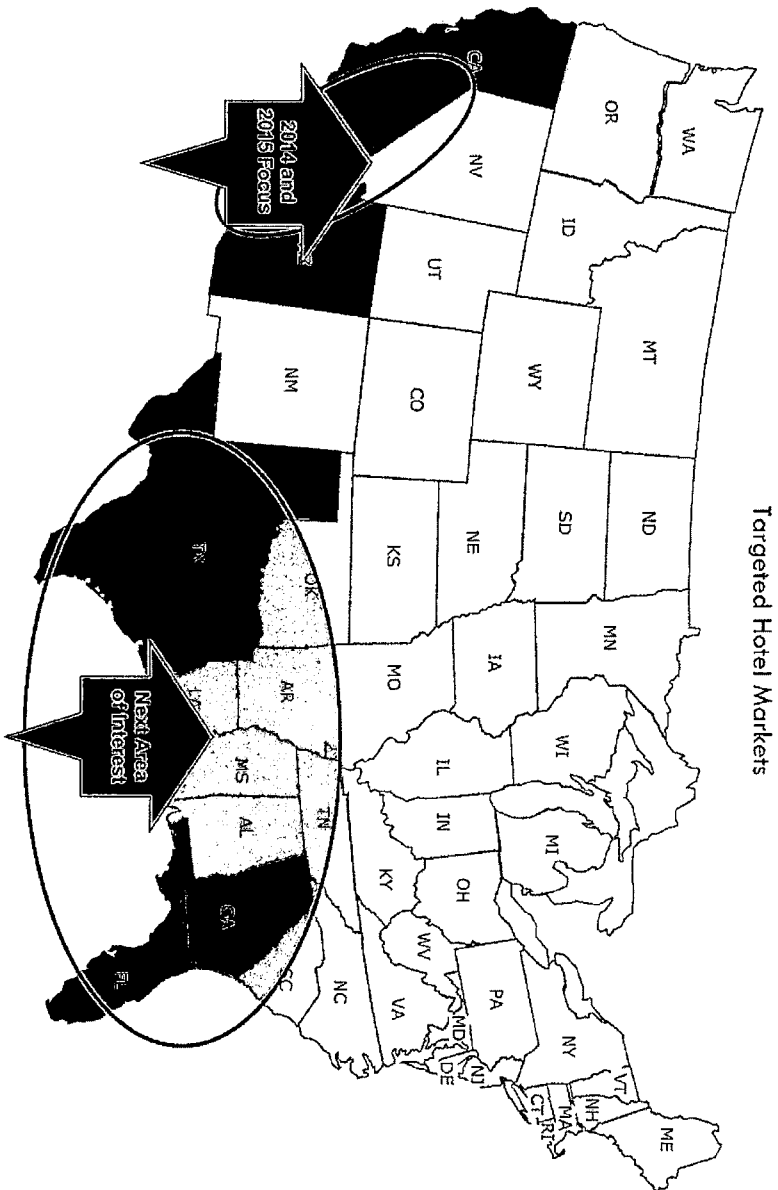
CREATE GROW SUSTAIN



## Target Markets

We seek geographic diversification for the property portfolio — one of the key ingredients in risk management.

We analyze past, present and forecasted geographic market economies to determine locations for investments. Our current focus includes the U.S. geographic markets indicated on the map below, although other markets may be considered to take advantage of attractive opportunities.



# Property Objectives

We intend to primarily invest in the acquisition and development of hotels, although we might consider other income producing real estate.

## Hotels (our focus in 2014/2015)

We intend to invest in select/focus service hotels with franchises from recognized hotel brands, which we expect to primarily include Marriott International, Inc., Hilton Properties Corporation and Hyatt Hotels Corporation.<sup>1</sup>

We anticipate having third-party management companies that are approved operators of the applicable franchised brands operate our hotels under lease or management contracts.



<sup>1</sup> Marriott, "Courtyard by Marriott," "Springhill Suites," "Fairfield Inn," "TownePlace Suites" and "Residence Inn" are each registered trademarks of Marriott International, Inc. or one of its affiliates. All references below to "Marriott" means Marriott International, Inc. and all of its affiliates and subsidiaries, and their respective officers, directors, agents, employees, accountants and attorneys. Marriott is not responsible for the content of this Brochure, whether relating to hotel information, operating information, financial information, Marriott's relationship with USA Barcelona Realty Advisors, or otherwise.

Hilton, "Hampton Inn," "Hilton Garden Inn" and "Homewood Suites" are each a registered trademark of Hilton Hotels Corporation or one of its affiliates. All references below to "Hilton" means Hilton Hotels Corporation and all of its affiliates and subsidiaries, and their respective officers, directors, agents, employees, accountants and attorneys. Hilton is not responsible for the content of this Brochure, whether relating to hotel information, operating information, financial information, Hilton's relationship with USA Barcelona Realty Advisors, or otherwise.

"Hyatt," "Hyatt Place" and "Hyatt House" are each a registered trademark of Hyatt Hotels Corporation or one of its affiliates. All references to "Hyatt" mean Hyatt Hotels Corporation and all of its affiliates and subsidiaries, and their respective officers, directors, agents, employees, accountants and attorneys. Hyatt is not responsible for the content of this Brochure, whether relating to hotel information, operating information, financial information, Hyatt's relationship with USA Barcelona Realty Advisors, or otherwise.

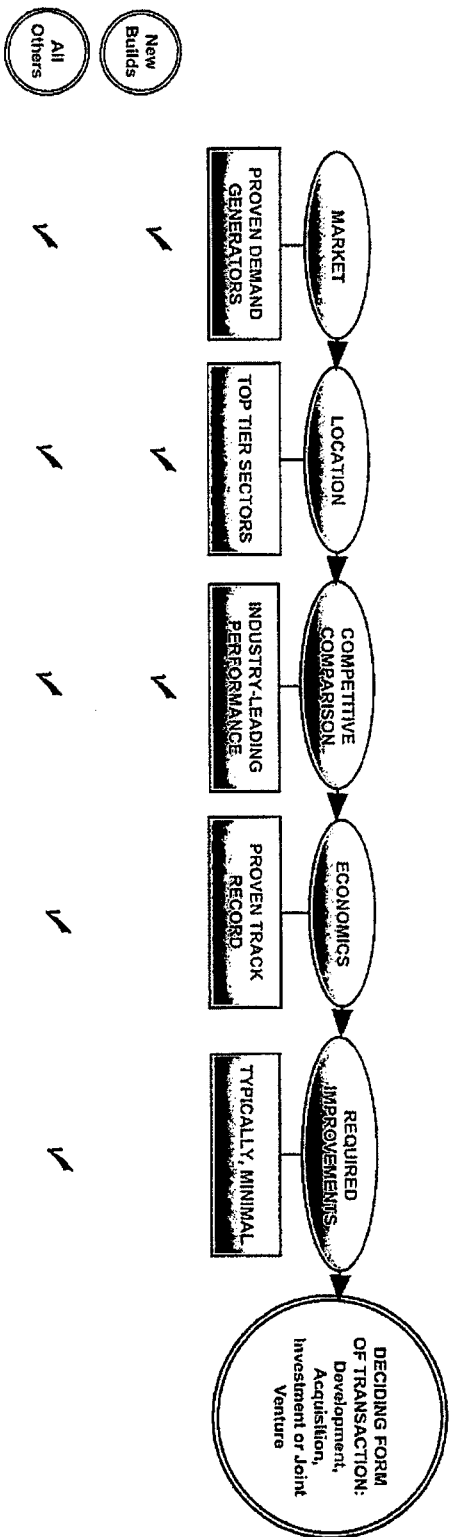
CREATE

SUSTAIN



## Investment Criteria & Management Alliances

Five macro decision filters are essential to the discipline of building a strong hotel portfolio.



We apply a rigorous analysis to each candidate property, both existing and proposed new development projects. Hotel properties in markets with a balance of business and leisure travel are primary targets. We plan to invest in midscale to upscale branded hotel properties, with greater focus on limited service brands.

Capital expenditure requirements directly affect our valuation of each Core<sup>1</sup> property. Such expenditures must be clearly understood, including PIP<sup>2</sup> requirements for acquired hotels, subjected to detailed financial modeling, and formulated into our investment decision.

We are creating alliances with established developer/operator companies that are approved managers by the targeted hotel brands. Hotels we acquire will be managed by top-tier third-party management companies. USA Barcelona Realty Advisors will serve as the asset manager for the property portfolio, employing industry "best practices" in oversight collaboration with our third-party management companies.

<sup>1</sup>Core includes acquisition, investment and joint venture properties

<sup>2</sup>PIP—Property Improvement Plans

# Blending Core, Opportunity & Value-Add Strategies

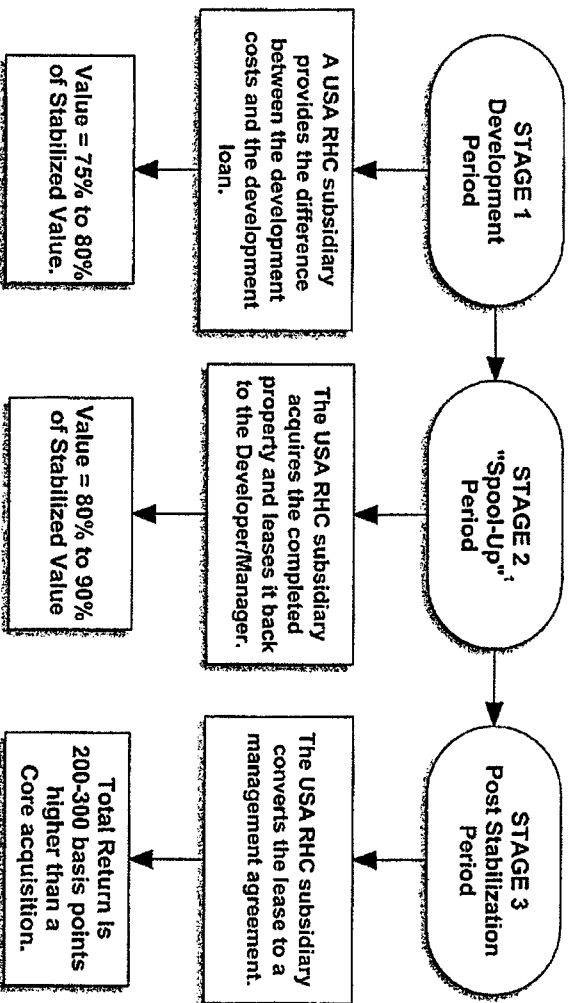
We plan to acquire stabilized properties, invest in new development opportunities, and consider joint ventures in redevelopments.

**Acquiring Core Assets** - We intend to acquire "Core" properties in order to create a base level of relative certainty in our ability to perform on dividend expectations of our investors. We also believe that we will have the opportunity to realize substantial appreciation of our portfolio's value.

**Opportunity** - New development (New Build) opportunities will be undertaken through select strategic alliances with hotel development/management companies.

**Value-Add Investing** - We may undertake some "Value-Added" investments via joint ventures with companies specializing in repositioning properties that are ready for renovation and/or, in the case of hotels, a change in franchise affiliation.

We believe new hotel development will provide us with excellent "value creation" opportunities. In our approach, the developer (i) absorbs the "creation" risk (the construction and spool-up periods<sup>1</sup>), and (ii) shares in the value created in the process. This strategy provides better long-term returns on capital based on a lower cost basis than we have when acquiring completed properties at a stabilized value.



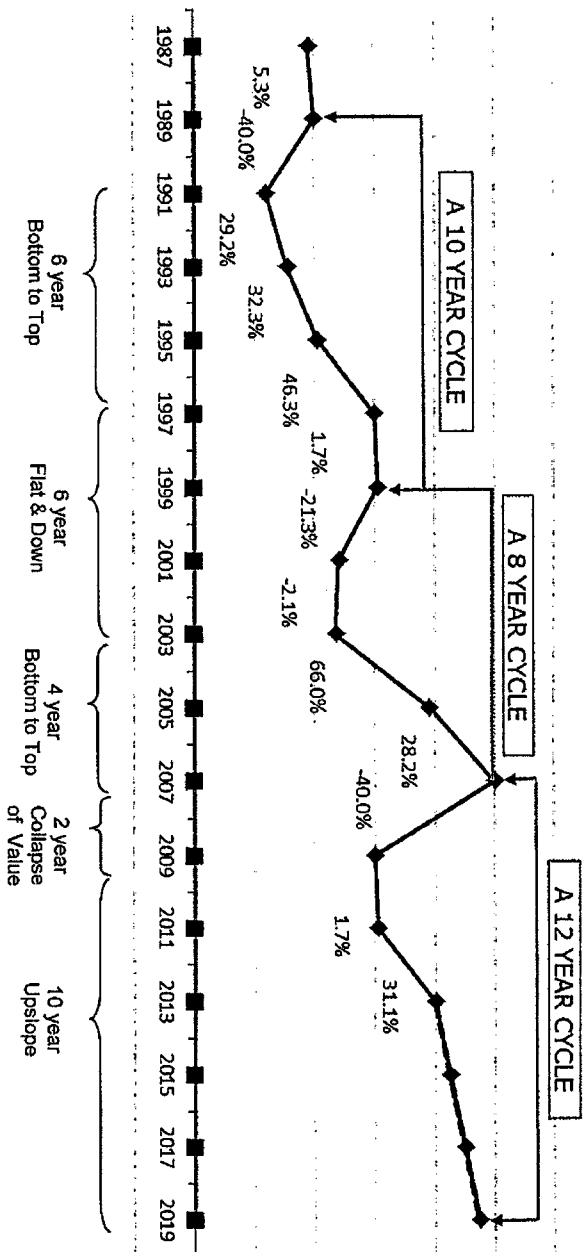
<sup>1</sup>Spool-up - Period from "Certificate of Occupancy" to achievement of stabilization.

# Timing Is Key

The old real estate adage says location, location, location - but in this economy even more paramount in the creation of value is **TIMING**.

We believe that we are commencing the acquisitions, development and investment activities at an ideal time. Now is an excellent point in this new cycle during which to acquire, develop, invest and joint venture hotels. We believe recovery in the hotel sector will continue its growth in occupancy and rate, and therefore, in value.

## A History of Investment Grade Real Estate Values in the United States

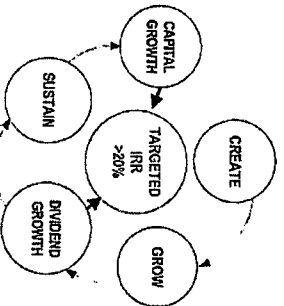


Source: CBRE, Tonto Wheaton Research May 2013 and REIT.com July 2013

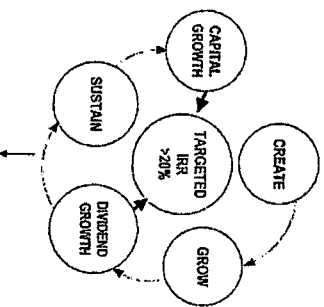
# A Series of Offerings

This organizational arrangement is in anticipation of conducting a series of equity offerings. The objective is to reach one billion dollars in portfolio value by December 31, 2017.

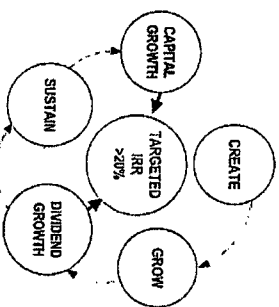
**2014**  
**Initial Offering**  
Up to \$50,000,000 in Equity Offerings  
Up to \$150,000,000 of Assets



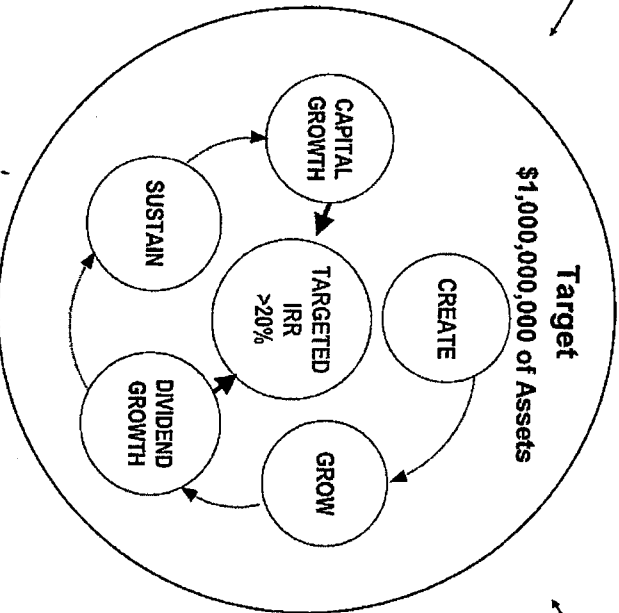
**2015/2016<sup>1</sup>**  
**Secondary Offering (1)**  
Up to \$150,000,000 in Equity Offerings  
Up to \$350,000,000 of Assets



**2016/2017<sup>1</sup>**  
**Follow On Offering(s)**  
Up to \$200,000,000 in Equity Offerings  
Up to \$500,000,000 of Assets



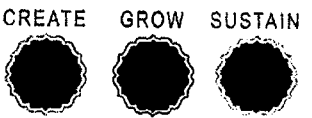
**Target**  
**\$1,000,000,000 of Assets**



Certain of the company directors and executives will be in an executive or manager capacity with our advisor, USA Barcelona Realty Advisors.

During 2014/2015, we intend to acquire, develop and invest in hotels, and other income-producing assets. We seek opportunity, diversification and growth through acquisitions, development, investments and joint ventures. We will navigate our way through the business cycle(s) through solid planning, flexibility and execution.

<sup>1</sup>The company plans for additional offerings upon completion of the initial offering.

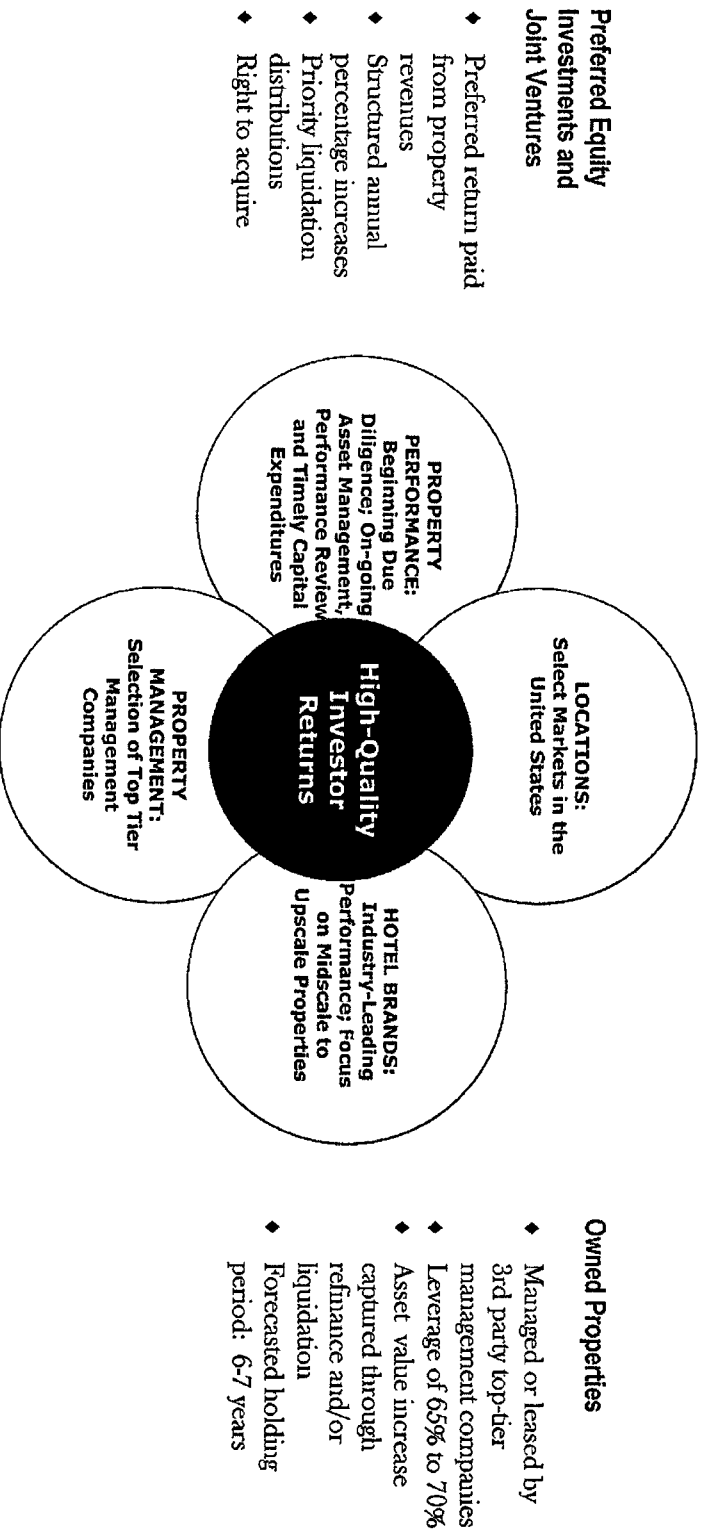




# Investment Results

We strive to achieve our planned investment results by blending property selection, risk management and value enhancement.

Property selection is essential to setting the stage for a portfolio's balanced performance<sup>1</sup>. Risk management involves selecting the correct capital mix for financing the property portfolio and making post-acquisition shifts in capital balance as capital markets pose requirements and present opportunities. Value enhancement incorporates capital mix and seeking methods to better position the portfolio through capital investments, marketing and support of our properties' managers.

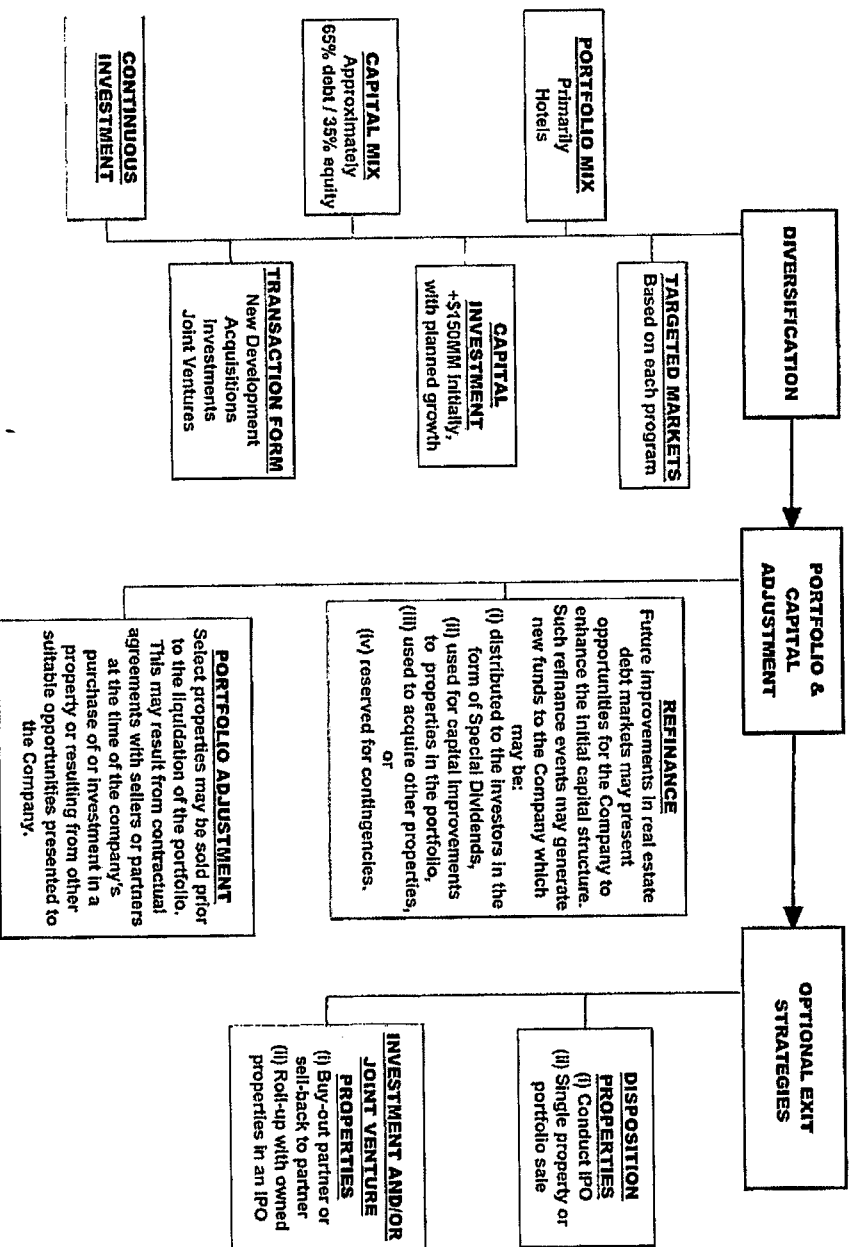


<sup>1</sup> Balanced performance would incorporate short term yield, mid-term growth in yield and long-term capital appreciation.

# Diversification, Adjustment & Exit

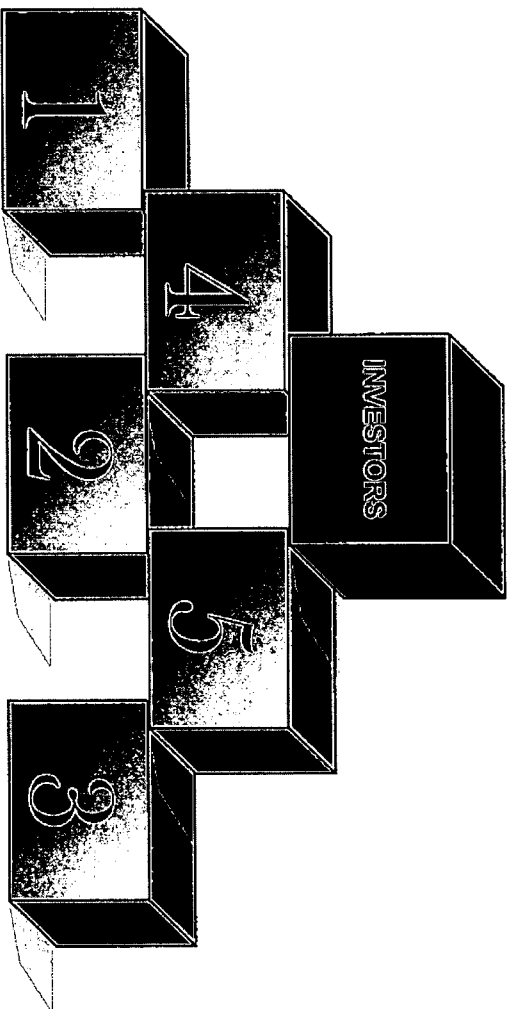
Through a disciplined acquisition, development and investment process, selection of top-tier management companies and our advisor's vigilant asset management, we set the stage to achieve high quality overall returns for our investors.

We plan to increase the value of our acquisitions, developments and investments by (i) investing in property types and in markets we understand, (ii) prudently financing our property portfolio, (iii) thoughtfully re-investing capital received from refinancing and asset sales, (iv) implementing profitable operating strategies in concert with our property management companies, and (v) conducting vigilant oversight of the companies managing our properties. Our plan is to provide our investors with reliable dividends and long-term capital appreciation achieved through core acquisitions, development and opportunistic value-added investments in high quality hotel properties.



## Keys to Success

We plan to sustain our commitment to maximize benefits for our investors through adherence to our five building blocks of success.



- 1 Maintain focus on our Mission Statement.
- 2 Concentrate on the mid and long-term growth while fortifying the short-term.
- 3 Benefit from USA BRA's management experience in all aspects of our business.
- 4 Apply mutually beneficial initiatives with top-tier development and management companies to create and maintain strategic alliances.
- 5 Uphold strategic direction and governance through the oversight and guidance of our Board of Directors.

# Proven Leadership

The leaders, directors and advisors represent over two centuries of top-level experience across hospitality, real estate and other industry sectors.



**Richard C. Harkins, President ♦ Chief Executive Officer ♦ Director**

Mr. Harkins has over 40 years of background in hotels and multifamily investing, developing, ownership and property management, the associated capital markets, especially with syndicated private placements. He also has substantial experience in land development and golf property investment and ownership. His experience includes tenures with Gulf Oil Real Estate Development Corporation and Cardinal Industries. He holds a BS Degree in Accounting from the University of Alabama.



**George T. Simmons, III, Executive Vice President ♦ Chief Operating Officer ♦ Director**

Mr. Simmons has over 25 years of background as an investor, developer and owner of individual office, retail and manufacturing properties, and as an investor and director of several private commercial real estate holding companies. He also has over 35 years of senior executive experience in the semiconductor industry and is a founder of a semiconductor manufacturing company operating with multiple factory sites in Greater China. Mr. Simmons holds a BS Degree in Engineering and Economics from the University of Nebraska.



**Bruce Orr, Senior Vice President Development**

Mr. Orr focuses on property research, analysis and acquisitions. He has a background in corporate finance and commercial banking. He earned his MBA from Pepperdine University and was trained in banking and finance while with Wells Fargo Bank Commercial. He has broad experience in corporate finance, mergers and acquisitions, ESOPs and real estate financing. Mr. Orr has worked within the hotel development industry as a consultant and Chief Operating Officer, and as an independent developer, has worked on a number of hotel projects in Southern California.



**Jeffrey S. Teets, Chief Financial Officer**

Mr. Teets has substantial experience in real estate development and finance with Maccrich/Westcor, a major real estate developer/manager of regional malls, retail centers, resorts, including acquisitions/dispositions of properties. As Chief Financial Officer of Westcor, prior to the acquisition of Westcor by Maccrich, he was responsible for structuring the successful \$1.5 billion merger of various Westcor operations into a public REIT infrastructure. He has a public accounting background with Ernst & Young and holds a BS Degree in Finance from Michigan State University and is a Certified Public Accountant.



**Patrick McDonough, Vice President Retail Capital Markets**

Mr. McDonough has a senior management background in development, acquisition and management of office and healthcare properties. He was most recently the top executive in a regional services organization, Sedona Real Estate Group, advising clients on various aspects of commercial real estate development, acquisition and asset management. Patrick also has substantial senior executive tenure in the health care industry. He holds a BS Degree in Finance from the University of Scranton.

## Advisors

### Chris Corpuz, Advisor

Currently, Mr. Corpuz is Chief Executive Officer at Cotton Partners. Formerly, Mr. Corpuz was the Executive Vice President of Acquisitions & Strategic Initiatives of Kihoy Realty Corp (NYSE: KRC). As Partner/Chief Financial Officer at MacFarlane Partners, which had \$21 billion of management assets, he was responsible for identifying, developing and launching new investment initiatives, and sourcing and structuring private-equity investments in existing real estate companies. He also directed the development of a real estate hedge fund and the acquisition of a sports franchise. He has over 20 years of real estate and private equity investment experience. Earlier in his career, Mr. Corpuz managed a \$3.0 billion real estate portfolio for Ameritech's pension fund and helped co-found the real estate consulting practices of both Arthur Andersen and Deloitte Haskins & Sells. He holds a BS Degree in Mathematics and graduate Degrees from J.L. Kelley School of Management at Northwestern University.





## Demonstrated Results

Our people are committed to promoting an entrepreneurial culture where we engage the most capable and talented individuals.

### Advisors (continued)

#### Bob Kerrigan, Advisor

Mr. Kerrigan serves as an Executive Member of U.S.A. Barcelona Realty Advisors. As an advisor, Mr. Kerrigan assists in raising capital through equity offerings. He is currently the President and sole shareholder of Personal Wealth Management Group, Inc. He holds a designation of Certified Wealth Consultant. For the past 15 years, Mr. Kerrigan has been active in the financial services industry both as a provider of financial services to private clients, and through ownership and management of several privately held companies both in manufacturing and service distribution. He holds a BS Degree in Economics from the University of Wisconsin (Oshkosh).

#### Tony Manos, Advisor

Currently Chief Investment Officer at Conon Partners, Mr. Manos formerly served as Senior Vice President of Development & Acquisitions at the Irvine Company and was responsible for the development/acquisition of the company's shopping center portfolio and the redevelopment of Fashion Island and Irvine Spectrum regional malls. He also was on the development and planning team for the five-star Pelican Hill Resort. Mr. Manos served as the Senior Vice President and Head of the West Coast Operations for Brookfield Properties' portfolio of 8,000,000 square feet of office and mixed use properties valued at over \$3.0 billion. As Executive Vice President of Mixed Use Development and Operations for Westfield Corporation, he was responsible for the selection and entitlement of their hospitality sites throughout the U.S. Mr. Manos has worked as a consultant and is a Certified Public Accountant, starting his career at Deloitte Haskins & Sells. He holds a BS Degree in Accounting and Finance from the University of Southern California.

#### Dawn Berry, Advisor

Ms. Berry is President and Chief Executive Officer of Pyramid Hospitality and Development Company and has over 20 years' experience in the hospitality industry. Her expertise includes executive management of hotels in focused service, full service, destination resort hotels and franchise brand management ranging from 125-2,200 guest rooms in urban, suburban and destination markets across the U.S. During her six year prior role as Vice President of Brand Management for Hilton Garden Inn, she earned the JD Power Award for brand experience during five of her six years, and was a contributing member in taking the brand from 58 to 310.

#### Murray Dow, Advisor

Mr. Dow is President of the Dow Hotel Company, which controls 12 hotels that generated over \$175 million in revenues in 2012. He has over 30 years' experience as a hotel professional and prior was Executive Vice President/Chief Operating Officer of HHI Hotels, growing the company from one to 20 properties, with over \$20 million in annual sales. He was the first general manager in Interstate Hotel history to open a new hotel on time and under construction budget. Mr. Dow was Managing Director of Christensen Hotels, and spent over five years with the Four Seasons Hotels in Seattle and San Francisco, and The Ritz Carlton in Chicago. He holds a BS Degree in Economics from Western Washington University.

#### Steve Gold, Advisor

Mr. Gold is Managing Director for Hotel Financial Strategies, responsible for development of debt and equity programs, where he has been involved in over \$20 billion in real estate financing. He has been the Chairman of the Real Estate Advisory Board at UCLA, Founder of the UCLA Hotel Conference (AHS) and a member of the Dean's Council of the UCLA School of Architecture and Urban Planning. Mr. Gold has been a Director of the public REIT Commontwealth Equity Trust, served as Chairman of Center financial and was an Adjunct Professor at UCLA Business School. He specializes in the financing of major real estate developments and originates many joint ventures for developers with institutional partners. He holds a BS Degree in Business and a MBA, both from UCLA.

#### Chuck Matthews, Advisor

Mr. Matthews is Chairman/Chief Executive Officer of WGM Associates and responsible for establishing the strategic direction for the company. He has 28 years in management, finance, real estate and technology. He started his career with the state's largest savings bank and was successful in commercial and construction lending, loan operations and credit quality. As Vice President at DMB Associates, he was responsible for conceptualizing, implementing and managing the "soft infrastructure" elements of their master planned communities and various programs to increase real estate values and better communities. He formed Intellicommunities to further pioneer the use of advanced technologies to create new community infrastructure. Mr. Matthews serves as the Treasurer of the FBI National Citizens Academy Alumni Association Board of Directors and is the past President of the FBI Phoenix Citizens Academy Alumni Association. He holds a BS Degree in Finance from the University of Arizona.

# USA Barcelona Realty Holding Company Board of Directors

The Board of Directors will be comprised of a majority of independent directors and, along with the internal board members, will bring extensive experience and balance to corporate governance.

## USA Barcelona Realty Advisors Executive Board Members

Richard C. Harkins, President + Chief Executive Officer + Director

George T. Simmons, III, Chief Operating Officer + Director

## Independent Board Members

### Richard Dozer Independent Board Member

Mr. Dozer will serve as an independent director commencing in January 2014. Previously, he was President of the Arizona Diamondbacks, Vice President and COO of the Phoenix Suns, and President of the America West Arena. He co-founded CDK Partners, a real estate development and investment company, and served as its Managing Partner. Mr. Dozer also was Chairman of GenSpring Family Offices, and held Audit Manager and recruiting positions at Arthur Andersen. He has extensive experience with various community organizations, serves on the board of directors for three publicly traded companies: Apollo Group, Swift Corporation and Viad Corporation, as well as other companies, including Blue Cross Blue Shield of Arizona, Teach for American and Meridian Bank.

### Board Member Independent Board Member

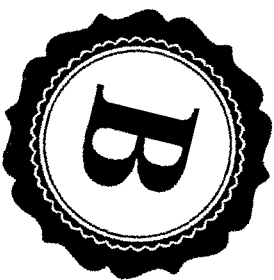
*Candidate Pending*

### Board Member Independent Board Member

*Candidate Pending*

### Board Member Independent Board Member

*Candidate Pending*



**USA Barcelona**  
REALTY

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[www.usabarcelonaarealtyadvisors.com](http://www.usabarcelonaarealtyadvisors.com)

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
NO. 2015047151401**

TO: Department of Enforcement  
Financial Industry Regulatory Authority ("FINRA")

RE: Robert J. Kerrigan, Respondent  
Registered Representative  
CRD No. 268516

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, I, Robert J. Kerrigan, submit this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against me alleging violations based on the same factual findings described herein.

**I.**

**ACCEPTANCE AND CONSENT**

- A. I hereby accept and consent, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

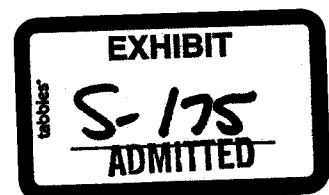
**BACKGROUND**

Kerrigan entered the securities industry in 1967 when he became registered as a General Securities Representative. Other than two months in 1990, Kerrigan remained continuously registered with various FINRA-member firms until he joined First Financial Equity Corporation ("FFEC") in 2008. Kerrigan terminated his employment voluntarily in August 2015.

Kerrigan is currently not registered with any FINRA member but remains subject to FINRA's jurisdiction pursuant to Article V, Section 4 of FINRA's By-Laws.

**RELEVANT DISCIPLINARY HISTORY**

Kerrigan has no formal disciplinary history.



## **OVERVIEW**

During its investigation into possible FINRA Rule violations by Kerrigan, FINRA staff sent a request to Kerrigan for documents and information pursuant to FINRA Rule 8210. Kerrigan has acknowledged that he received FINRA's request and that he will not respond to that request or otherwise cooperate with FINRA's investigation at any time. By refusing to provide documents and information as requested pursuant to FINRA Rule 8210, Kerrigan violated FINRA Rules 8210 and 2010.

## **FACTS AND VIOLATIVE CONDUCT**

In connection with FINRA's investigation into allegations against Kerrigan for participation in undisclosed private securities transactions and outside business activities, on March 30, 2016, FINRA staff sent a request to Kerrigan for documents and information pursuant to FINRA Rule 8210. As stated in his April 18, 2016 letter to FINRA, and by this agreement, Kerrigan acknowledges that he received FINRA's request and will not provide the requested documents and information or otherwise cooperate with FINRA's investigation at any time. By refusing to provide documents and information as requested pursuant to FINRA Rule 8210, Kerrigan violated FINRA Rules 8210 and 2010.

B. I also consent to the imposition of the following sanctions:

- A bar from association with any FINRA member in any capacity.

I understand that if I am barred or suspended from associating with any FINRA member, I become subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, I may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension (see FINRA Rules 8310 and 8311).

The sanctions imposed herein shall be effective on a date set by FINRA staff. A bar or expulsion shall become effective upon approval or acceptance of this AWC.

## **II.**

### **WAIVER OF PROCEDURAL RIGHTS**

I specifically and voluntarily waive the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against me;
- B. To be notified of the Complaint and have the opportunity to answer the

allegations in writing;

- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, I specifically and voluntarily waive any right to claim bias or prejudgment of the Chief Legal Officer, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

I further specifically and voluntarily waive any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

### **III.**

#### **OTHER MATTERS**

I understand that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against me; and
- C. If accepted:
  - 1. this AWC will become part of my permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
  - 2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
  - 3. FINRA may make a public announcement concerning this agreement and

the subject matter thereof in accordance with FINRA Rule 8313; and

4. I may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. I may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects my: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

I certify that I have read and understand all of the provisions of this AWC and have been given a full opportunity to ask questions about it; that I have agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce me to submit it.

APRIL 27, 2016

Date (mm/dd/yyyy)

Robert J. Kerrigan  
Robert J. Kerrigan, Respondent

Accepted by FINRA:

5/11/16  
Date

Signed on behalf of the  
Director of ODA, by delegated authority

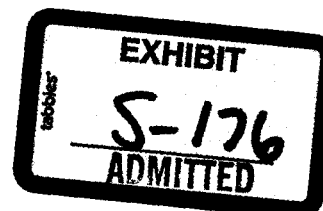
James E. Day / MIMS  
James E. Day  
Vice President and Chief Counsel  
FINRA Department of Enforcement  
15200 Omega Drive, 3<sup>rd</sup> Floor  
Rockville, MD 20850  
Telephone: 301-258-8520  
Facsimile: 202-721-8303

FILE

Subject: Re: Thank You  
From: Tom Simmons (tsimmons@usabarcelonara.com)  
To: mcdonough\_p@  
Cc: dharkins@usabarcelonara.com;  
Date: Tuesday, August 20, 2013 8:59 AM

Good morning Patrick. Dick and I have discussed our interest in having you join the USA Barcelona Advisors team. While we are in the mode of being very cautious about adding operating cost burden over the next 60 days or so, we believe that you can be an important contributor to our capital formation activities. Today our four member executive members all participate at some level in working to capitalize both the Advisor and Realty, with Dick carrying most of that load. So, we are interested in pursuing a dialog with you to see how we might get you involved as soon as possible. Assuming we can reach an acceptable arrangement, here are some items we think are appropriate for your role, as we see it today:

1. Functionally we see this as primarily a marketing role; and, since we have yet to give that label to anyone, it seems reasonable this might be the correct functional title (at least early on).
2. We also know that it will be extremely important to get you indoctrinated as quickly as possible, such that you can represent the two entities accurately and convincingly (who we are, what we are, where we are and where we are going) to potential investors. So, Dick and I, plus others as required, will spend the time with you to accomplish that.
3. In addition to the face time, you will need to read the various print materials, including the offering docs, business plan, acquisition/capital deployment models, etc. to gain a thorough understanding of our objectives and strategies.
4. We are developing a contact data base (investors, potential investors and intermediaries to investors), which you should review and add to with your network of contacts, many of whom we anticipate may be potential investors or conduits to investors. The data base is our primary list of people to receive our routine news releases, marketing materials and offerings. We see you taking charge of making this an important tool
5. You would become directly involved with our current approach to raising capital to fund Realty, that lead by Allen Weintraub through a network RIAs.
6. You would immediately begin creating a detailed plan to raise capital using other products and approaches, e.g. employing a Broker-Dealer organizations, going direct after 9/22/13, etc.
7. At some point later, we also need a long-term capital formation plan that would fund additional RE investment entities necessary to reach our ultimate growth objectives, in preparation for an IPO or major M&A transaction.
8. Take the lead in the development, production and placement of collateral materials, webinars, etc. to promote investment opportunities.



rand=23flh7flmqurg

8/27/2013



**USA Barcelona**  
REALTY ADVISORS

Mr. Patrick J. McDonough  
Managing Partner  
The Sedona Real Estate Group, LLC  
36600 N. Pima Road  
Carefree, AZ 85377

October 24, 2013

Dear Patrick:

We are pleased that you have decided to accept our verbal offer to join the USA Barcelona Realty Advisors team. Please consider this letter confirmation of the offer of employment, which was extended verbally earlier this month.

As with each senior executive in the firm, we will have you execute a formal Employment Agreement. This Agreement contains the details of the relationship between the firm and you, including the rights and obligations of both parties. Your specific position description, compensation details, etc. will be contained in an exhibit to the Employment Agreement.

We are developing an MBO program, which will include position-specific objectives and additional compensation related to meeting those objectives. This program will be implemented for all senior executives in the firm sometime early in 2014.

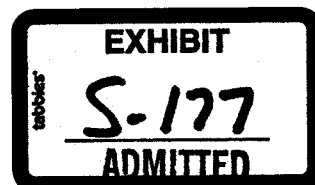
The following are elements describing your position with the firm and points related to your employment:

- 1) The start date is November 1, 2013
- 2) Title is Vice President, Retail Capital Markets
- 3) Starting salary is \$5,000 monthly; planned to rise to \$7,500 monthly in 2014
- 4) Employment status is that of an independent contractor (W-9, 1099)
- 5) Initial Unit equity option grant of 2.5%
- 6) MBO program participation in 2014
- 7) Paid vacation of two weeks annually; paid sick leave of one week annually
- 8) Normal business expenses reimbursed

Welcome aboard!

Sincerely,

G. Tom Simmons  
Chief Operating Officer



## USA Barcelona Payment Log

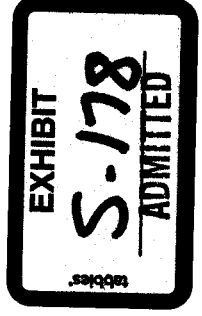
**Notes:**

- 1 Salary 7/1/13 - 9/30/13 is \$4,500/mo.
- 2 Salary 10/1/13 - 2/28/14 is \$8,500/mo.
- 3 Salary 3/1/14 until present is \$10,500/mo.
- 4 Guarantee of \$50,000 11/1/12 to 11/21/13 (\$4,166.67 per month) (per Op. Agmt.)  
above guaranteed salary due for November 2012 through June 2013  
total amount due and payable November 21, 2013 = \$33,333.33
- 5 Executive Member compensation 7/1/14 to 7/23/14 = \$3,116.13 (23 of 31 days @ \$4,200/mo.)
- 6 USA Barcelona agreed to cover Credit Card interest until expense reports paid in full

Expen. Due	\$ 10,904.94	Salary Due	\$ 74,199.46	Other Due	\$ 2,500.00
------------	--------------	------------	--------------	-----------	-------------

Total Amount Due	\$ 87,604.40
------------------	--------------

Date	Due for	Expenses	Pd. Expenses	Salary	Pd Salary	Other	Pd. Other	Balance Due
4/22/2013	Expenses	\$ 1,423.49						\$ 1,423.49
4/23/2013	Expenses		\$ 1,425.00					\$ (1.51)
7/31/2013	Salary			\$ 4,500.00				\$ 4,498.49
7/31/2013	Salary				\$ 4,500.00			\$ (1.51)
8/1/2013	Expenses	\$ 2,044.58						\$ 2,043.07
8/8/2013	Expenses		\$ 2,044.58					\$ (1.51)
8/15/2013	Expenses	\$ 1,494.04						\$ 1,492.53
8/20/2013	Expenses		\$ 1,494.04					\$ (1.51)
8/31/2013	Expenses	\$ 1,400.05						\$ 1,398.54
8/28/2013	Expenses		\$ 1,400.05					\$ (1.51)
8/28/2013	Salary			\$ 4,500.00				\$ 4,498.49
8/28/2013	Salary				\$ 4,500.00			\$ (1.51)
9/30/2013	Expenses	\$ 1,928.15						\$ 1,926.64
9/30/2013	Salary			\$ 4,500.00				\$ 6,426.64
9/30/2013	Salary				\$ 4,500.00			\$ 1,926.64



ACC007330 / FILE # 8503



Date		Due for	Expenses	Pd. Expenses	Salary	Pd Salary	Other	Pd. Other	Balance Due
6/16/2014	Loan						\$ 2,500.00		\$ 71,056.86
6/30/2014	Salary	3			\$ 10,500.00				\$ 81,556.86
7/23/2014	Ex. Mem.	5			\$ 3,116.13				\$ 84,672.99
7/24/2014	Expenses		\$ 2,060.72						\$ 86,733.71
8/10/2014	C.C. Int.	6	\$ 117.20						\$ 86,850.91
8/11/2014	C.C. Int.	6	\$ 95.80						\$ 86,946.71
9/10/2014	C.C. Int.	6	\$ 118.37						\$ 87,065.08
9/11/2014	C.C. Int.	6	\$ 96.73						\$ 87,161.81
10/11/2014	C.C. Int.	6	\$ 120.62						\$ 87,282.43
10/11/2014	C.C. Int.	6	\$ 98.58						\$ 87,381.01
11/11/2014	C.C. Int.	6	\$ 122.93						\$ 87,503.94
11/11/2014	C.C. Int.	6	\$ 100.46						\$ 87,604.40
			\$ 38,025.64	\$ 27,120.70	\$ 134,449.46	\$ 60,250.00	\$ 2,500.00	\$ -	

GFX Message Print - Message Inquiry Display Dialog Box

User: pmcclore Bank: ALLIANCE BANK Date: 03/26/15 11:26:41

Message Status: PNRM  
Seq Num: 20141670026700 Related Seq Num:  
Pay Method: FED Input Message ID: FTR811  
Date Recvd: 06/16/2014 10:26:49 Value Date: 06/16/2014

Sender: 021000021

Amount: \$2,500.00

Debit info --

Sndr: 021000021  
Name: JPMORGAN CHASE BANK, NA  
Addr1:  
Addr2:  
Addr3:  
Addr4:

Credit info --

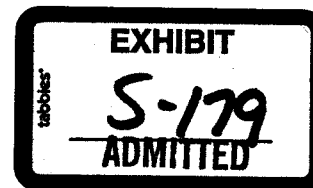
Account: [REDACTED] 8870 Inst: 02 Br: 1130 Type: DA  
Name: USA BARCELONA REALTY ADVISORS  
Addr1: 7025 N SCOTTSDALE RD #160  
Addr2: SCOTTSDALE AZ 85253  
Addr3:  
Addr4:

Advice: Dept: DEPT1 Trancode:  
Category: Linesheet: Create Template:

Message Text:

XET811  
Msg Disp {1100}30P N  
Acc Time {1110}06161326FT03  
OMAD {1120}20140616L1LFR71C00016806161326FT03  
Msg Type {1510}1000  
IMAD {1520}20140616B1QGC02C007326  
Amount {2000}000000250000  
Sender DI {3100}021000021JPMORGAN CHASE\*  
Sndr Ref {3320}4463400167RS\*  
Revtr DI {3400}122105980WESTERN ALLIANCE\*  
Bus Func {3600}CTR  
BNF {4200}[REDACTED] 8870\*  
USA BARCELONA REALTY ADVISORS, LLC\*  
RFB {4320}DCE OF 14/06/16\*  
ORG {5000}[REDACTED] 3355\*  
BRUCE ORR AND ASSOCIATES, LLC\*  
[REDACTED] CA [REDACTED]\*

ACC001514  
FILE #8503



002 00003 01

ACCOUNT:

DOCUMENTS:

8870

14

PAGE: 1

06/30/2014

USA BARCELONA REALTY ADVISORS LLC  
7025 N SCOTTSDALE RD #160  
SCOTTSDALE AZ 85253

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3  
11

SCOTTSDALE/PARADISE VALLEY  
7373 N. SCOTTSDALE RD, #A-195  
SCOTTSDALE, AZ 85253

TELEPHONE: 480-998-6500

Alliance Bank is opening a new banking center in Flagstaff on June 23, 2014. This new 6,000-square-foot center, located at Aspen Place at The Sawmill, 501 E. Butler Avenue, marks our significant expansion in the area. It reflects our growth and ongoing commitment to better serving our Flagstaff customers. The new facility is just one mile south from our current location, which will close its doors June 20th. For more information call (928) 214-3400.

BUSINESS ANALYSIS ACCOUNT 8870

MINIMUM BALANCE	206.22-	LAST STATEMENT 05/30/14	5,900.28
AVG AVAILABLE BALANCE	1,836.94	4 CREDITS	12,810.00
AVERAGE BALANCE	1,836.94	18 DEBITS	17,907.04
		THIS STATEMENT 06/30/14	803.24

- - - - - DEPOSITS - - - - -					
REF #.....	DATE.....	AMOUNT	REF #.....	DATE.....	AMOUNT
	06/10	300.00		06/16	10,000.00

- - - - - OTHER CREDITS - - - - -		
DESCRIPTION	DATE	AMOUNT
REFUNDED BANK CHARGES	06/10	10.00
WIRE/IN-0267;ORG BRUCE ORR AND ASSOCIATES, LLC;REF	06/16	2,500.00
DCD OF 14/06/16		

\* \* \* CONTINUED \* \* \*

ACC000535  
FILE #8503



002 00003 01

ACCOUNT:

DOCUMENTS:

PAGE: 2

8870 06/30/2014

14

## USA BARCELONA REALTY ADVISORS LLC

## BUSINESS ANALYSIS ACCOUNT 8870

## CHECKS

CHECK #..DATE.....	AMOUNT	CHECK #..DATE.....	AMOUNT	CHECK #..DATE.....	AMOUNT
1448*06/04	873.20	1472 06/17	2,176.74	1476 06/18	300.00
1469 06/02	2,176.74	1473 06/20	885.43	1477 06/24	1,205.55
1470 06/02	2,964.07	1474 06/17	2,000.00	1478 06/30	430.59
1471 06/17	2,964.07	1475 06/18	1,700.00		

(\*) INDICATES A GAP IN CHECK NUMBER SEQUENCE

## OTHER DEBITS

DESCRIPTION	DATE	AMOUNT
Purchase MARRIOTT 33714 CAMELBACK SCOTTSDALE AZ 4183	06/02	62.49
OVERDRAFT FEE	06/05	10.00
OVERDRAFT FEE	06/06	10.00
OVERDRAFT FEE	06/09	10.00
BUSONLINE P/R PR TAX ADJ	06/10	39.95
Analysis Charge	06/17	31.61
Purchase EDDIE V'S 00085100 SCOTTSDALE AZ 4183	06/30	66.60

## ITEMIZATION OF OVERDRAFT AND RETURNED ITEM FEES

	TOTAL FOR THIS PERIOD	TOTAL YEAR TO DATE
* TOTAL OVERDRAFT FEES:	\$65.00	\$65.00
* TOTAL RETURNED ITEM FEES:	\$ .00	\$ .00

## DAILY BALANCE

DATE.....	BALANCE	DATE.....	BALANCE	DATE.....	BALANCE
06/02	696.98	06/09	206.22-	06/18	3,391.41
06/04	176.22-	06/10	63.83	06/20	2,505.98
06/05	186.22-	06/16	12,563.83	06/24	1,300.43
06/06	196.22-	06/17	5,391.41	06/30	803.24

ACC000536

FILE #8503

1474 - \$2,000.00 - 6/17/2014

CASH ONLY IF ALL CHECK 21 SECURITY FEATURES LISTED ON BACK INDICATE NO TAMPERING OR COPYING

USA Barcelona Realty Advisors, LLC  
7025 N Scottsdale Road, Suite 180  
Scottsdale, AZ 85253

ALLIANCE BANK OF ARIZONA  
Scottsdale Office  
Scottsdale, AZ 85253  
91-696/1221

1474  
6/16/2014

PAY TO THE ORDER OF Richard Harkins \$2,000.00

Two Thousand and 00/100..... DOLLARS

Richard Harkins  
AZ

A TAMPER RESISTANT AREA

Two signatures required for checks over \$5,000

MEMO June

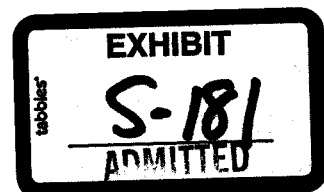
1474 - \$2,000.00 - 6/17/2014

>075911852 Johnson Bank 089001000046310 2014/06/16 16:41:49

089001000046310

CREDITED TO THE ACCOUNT OF  
THE WITHIN NAMED PAYEE  
MISSING ENDORSEMENT GUARANTEED  
JOHNSON BANK

ACC001520  
FILE #8503



Bruce Orr

3757 Falcon Ave.  
Long Beach, CA 90807

**ORIGINAL**

September 23, 2015

Docket Control  
ARIZONA CORPORATION COMMISSION  
1200 W. Washington  
Phoenix, AZ 85007

Arizona Corporation Commission

**DOCKETED**

SEP 29 2015

DOCKETED BY

*KK*

AZ CORP COMMISSION  
DOCKET CONTROL

2015 SEP 29 P 12:40

RECEIVED

Mr. Paul Kitchin  
Securities Division  
ARIZONA CORPORATION COMMISSION  
1300 West Washington, 3<sup>rd</sup> Floor  
Phoenix, AZ 85007

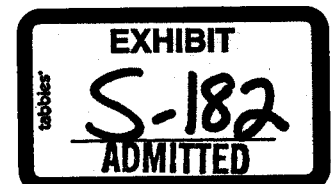
Re: Docket No. S-20938A-15-0308

To Whom It May Concern,

This letter will serve to answer, and correct, a number of issues in the TEMPORARY ORDER TO CEASE AND DESIST AND NOTICE OF OPPORTUNITY FOR HEARING for the Docket number S-20938A-15-0308 filed on August 26, 2015.

My name is Bruce Orr, and my name appears in said filing as an Executive Member of USA Barcelona Realty Advisors LLC ("Barcelona"). While my name is not one of the more prominent ones in the filing, I am included with the other Executive Members, and am accused under the same issues. I would like to take this opportunity to clear up a number of things in the complaint that are clearly mistaken. In addition, I was called on the phone yesterday by Mr. Simmons, who is referenced in the complaint, and he indicated that there was a Subpoena for a Deposition attached with his copy of the complaint. He wanted to coordinate with me on what I would say in the deposition. I told him that I was not subpoenaed, and I was not going to defend what they had done. I have received no such Subpoena for a Deposition, but I would be happy to be deposed in this matter. I would appreciate if that could take place in Southern California, as it is expensive for me to travel to Phoenix.

I would like to address a number of issues in the complaint, and have my name removed from this complaint. In addition, everything that I will be placing in this letter can be confirmed by numerous witnesses, and a great deal of documentation. The things I will address in this letter can be confirmed by Ms. Connie Cooke, the Administrative Assistant for Barcelona; Mr. Glenn Ehler, Information Technology Consultant to Barcelona; and Mr. Jeffrey Teets, Chief Financial Officer of Barcelona.



In the opening paragraphs of the complaint it states that I was engaged in acts that violate A.R.S. § 44-1801, A.R.S. § 44-1999, and A.R.S. §44-1991. While I was an Executive Member of the company, and we were to address "Major Decisions," there was only one formal Executive Member meeting held during my term, and we did not address any "Major Decisions" at that meeting. The decisions of the company were made by Mr. Harkins and Mr. Simmons, for the most part. Mr. Harkins would say that there was no need for formal Executive Member meetings because he had discussed the matter with Mr. Simmons, and Mr. Simmons agreed with him. Thus, even if the other Executive Members disagreed, Mr. Harkins had the tie breaking vote (4 Executive Members) so his vote would decide the issue. This was most evident in a matter where I proposed a reorganization of the company to try and make it profitable, but Mr. Harkins would not even call a meeting because he and Mr. Simmons would not go along with a reorganization.

My position with Barcelona was strictly one of an advisor and consultant, as evidenced by my contract. I HOLD NO OWNERSHIP IN BARCELONA. I was to find viable development projects for the company to pursue. I presented a number of viable projects to the company, and requested, a number of times, to issue Letters of Intent on the projects. In each instance there was some reason that we could not pursue the project. Usually because Mr. Harkins did not want to put up Deposits. I am confident that the projects I brought forward were viable as at least four of them are being developed by myself or other developers at this time.

When it appeared Barcelona was not going to pursue the development projects presented I resigned in June of 2014. During my tenure at Barcelona I NEVER tried to market any investment opportunity. That was handled by Mr. Harkins, Mr. Simmons and Mr. Kerrigan. They even brought in two individuals to market the investments. I was exclude from most meetings where investments were discussed. I was told that I needed to find viable projects.

As far as the Offering Memorandum that were put forth by Barcelona, I had little input. Mr. Harkins would take my financial projections and proposals and put them into his format. When he produced his spreadsheets of financial projections he would add vast fees for Barcelona. When Mr. Teets, CFO, and I would question him about the unreasonable fees, we were reminded that he was doing the Offerings, and he was the President of the company. Thus, we had to have profitable projects that would support the fees.

Mr. Harkins started to have everyone look at the Offerings he was preparing. When Mr. Teets, myself or someone else would tell him they were unrealistic he would work on the Offerings by himself, and then decided that only he and Mr. Meka would be the ones making changes. Thus, everyone else was removed from the preparation of the offerings. This also led to the lesser involvement of Mr. Teets.

As far as financial issues are concerned, I must stress again that I DID NOT seek investors for the company, that was not my role. In fact, Barcelona asked to wait on paying my expenses, and then stopped paying my fees prior to my resignation. Barcelona still owes me in excess of \$10,000 in unpaid expenses and over \$70,000 in unpaid fees. In addition, Mr. Harkins asked all of the Executive Members to loan the company \$2,500 each to cover expenses in May of 2014. He said that funds would be returned within two weeks as Mr. Kerrigan was having the University of Wisconsin invest One Million

Dollars in the company. When I sent the funds, Mr. Teets prepared a check for the rent on the Barcelona offices. After Mr. Teets had left the office, Mr. Harkins had Ms. Cooke not send that check, and had her issue him a check for \$3,000, which had not been discussed with anyone. When I found out about this, weeks later, he said that he had to have the money to make his car payment. A note for the \$2,500 was subsequently issued to me with a maturity date of December 31, 2014. That note is still unpaid. It also turns out that I was the only Executive Member who made the requested loan to the company. It is possible, however, that Mr. Kerrigan made a loan at another time for these expenses.

I would like to address the following issues in the complaint:

Paragraph 5 – I am a married man.

Paragraph 12 – as stated previously, formal Executive Member meetings were not held, and Major Issues were decided by Mr. Harkins, along with Mr. Simmons and possibly with Mr. Kerrigan. “Major Issues” were never defined among the Executive Members, and never decided.

Paragraph 16 – I was never involved with Barcelona Land Company.

October 2012 Offering – starting at Paragraph 17 – I did not formally join Barcelona until mid-2013. This is prior to my joining the company. Prior to that I had a few discussions with Mr. Harkins and Mr. Simmons, but I was not a member of the company.

Paragraph 30 – I had no knowledge that Mr. Harkins involvement in Arizona Village Communities was a failed venture. They only referred to it as something he had done before.

Paragraph 32 – They disclosed to me that Mr. Meka had some past problems because of someone using his license and getting him in trouble. They told me it had all been taken care of through the courts, and that he satisfied his requirements. They did not disclose that he was convicted of a felony.

Paragraph 34 – I was unaware of Mr. Kerrigan’s judgement.

R.E. AND M.E. OFFERINGS – starting at paragraph 38 – these were all handled by Mr. Harkins, Mr. Simmons and Mr. Kerrigan. I NEVER made any offer to R.E., please check with him.

Paragraph 49 – I was never involved in the sale of any notes. I asked my Tax Advisor for his opinion on the offering and he said that he would not see advising any of his clients to do something like that. He felt that we should be doing single property projects, which I relayed to the company. Mr. Teets and I had been suggesting that we could only do single property projects for a number of months.

Paragraph 53 – I signed the letter because Mr. Harkins and Mr. Simmons told me that Mr. Kerrigan was having the University of Wisconsin invest One Million Dollars with Barcelona that would fund working capital and starting of projects.

Bruce Orr

3757 Falcon Ave.  
Long Beach, CA 90807

JANUARY 2014 OFFERING – starting at paragraph 49 – I knew of the offering, but, because I was in Arizona only a few days a week at the most, I was unaware it was formally issued.

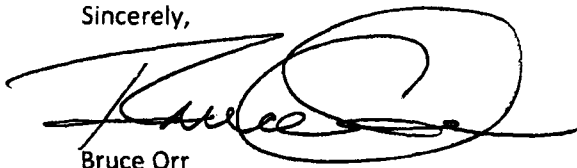
MAY 2014 AND SUBSEQUENT OFFERINGS – starting at paragraph 69 – My involvement with Barcelona had slowed down, and I resigned about this time. I was unaware of any of these offerings, or the intent of Mr. Harkins to issue more Offerings.

Paragraph 72 – I was present for a number of meetings with Channen Construction Company. To my knowledge there was never an agreement reached with them, and they are the only major general contracting company that I knew we were talking to. I also knew nothing of a “New Build” company. Mr. Harkins had put together a plan that had multiple companies doing various parts of multiple projects. He had one company selling to another (all controlled by Barcelona) at increasing fees. Mr. Teets and I both strongly objected to this structure, and advised that no investor would want to do it, and that it was probably fraud. Mr. Harkins still presented it to Channen Company, but to my knowledge it was not accepted.

It is my request that my name be removed from this complaint, and from any action that arises out of it. I can support all assertions in this letter with either documentation or witnesses, or both. I did not market any of the securities, and brought no investors to the company. My role was to find viable projects, which I did. Barcelona never acted on any of the projects I brought. And, in fact, Mr. Harkins inflated them with unrealistic fees that showed bigger profits to Barcelona for his Offerings. There were never “Major Decisions” made by the Executive Members in regards to Offerings and investments. These were all made essentially by Mr. Harkins.

I appreciate your consideration and await your response.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bruce Orr', with a large, stylized circular flourish at the end.

Bruce Orr

# ORIGINAL

Richard C. Harkins  
4422 E. Lupine Ave.  
Phoenix, AZ 85028  
Telephone 602-694-3589  
Pro se


RECEIVED  
AZ CORP COMMISSION  
DOCKET CONTROL  
2016 MAR 15 PM 2 33

## BEFORE THE ARIZONA CORPORATION COMMISSION

### COMMISSIONERS

DOUG LITTLE, Chairman  
BOB STUMP  
BOB BURNS  
TOM FORESE  
ANDY TOBIN

Arizona Corporation Commission  
**DOCKETED**  
MAR 15 2016

DOCKETED BY 

In the matter of:

USA BARCELONA REALTY ADVISORS,  
LLC, an Arizona limited liability company,

**DOCKET NO. S-20938A-15-0308**

USA BARCELONA HOTEL LAND  
COMPANY I, LLC, an Arizona limited  
liability company,

**ANSWER OF RESPONDENT  
RICHARD C. HARKINS TO AMENDED  
TEMPORARY ORDER TO CEASE  
AND DESIST AND NOTICE OF  
OPPORTUNITY FOR HEARING**

RICHARD C. HARKINS, an unmarried  
man,

ROBERT J. KERRIGAN (CRD no. 268516)  
An unmarried man,

GEORGE T. SIMMONS and JANET B.  
SIMMONS, husband and wife,

BRUCE L. ORR and SUSAN C. ORR,  
husband and wife,

Respondent Richard C. Harkins ("*Mr. Harkins*") answers or otherwise responds to the allegations of the Securities Division (the "*Division*") of the Arizona Corporation Commission (the "*Commission*") set forth in the Amended Temporary Order to Cease and Desist and Notice of



1 to an original Notice dated August 26, 2015. An Amended Notice dated January 22, 2016 was  
2 filed January 25, 2016.

3 Mr. Harkins denies engaging in any acts, practices or transactions that constitute violations  
4 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* (the "**Securities Act**"), and denies that  
5 the public welfare requires immediate action.

6 Mr. Harkins denies that he ever directly or indirectly controlled USA Barcelona Realty  
7 Advisors, LLC ("**Barcelona Advisors**") within the meaning of A.R.S. § 44-1999, and denies that  
8 he is jointly and severally liable under A.R.S. § 44-1999 to the same extent as Barcelona Advisors  
9 for any alleged violations of the Securities Act.

10 Mr. Harkins denies that he directly or indirectly controlled USA Barcelona Hotel Land  
11 Company I, LLC ("**Barcelona Land Company**") within the meaning of A.R.S. § 44-1999, and  
12 denies that he is jointly and severally liable under A.R.S. § 44-1999 to the same extent as Barcelona  
13 Land Company for any alleged violations of the Securities Act.

14 Mr. Harkins responds to specific allegations of the Notice as follows:

15  
16  
17 I.

18 JURISDICTION

- 19 1. Answering paragraph 1, Mr. Harkins admits only that the Commission has  
20 jurisdiction over certain matters pursuant to Article XV of the Arizona Constitution  
21 and the Securities Act.  
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II.

RESPONDENTS

2. The allegations of paragraph 2 do not all specifically pertain to Mr. Harkins. He admits that he has been a resident of Arizona since October 2012 and has been a single man since November 28, 2012 and is not a licensed securities salesman or dealer. Mr. Harkins lacks sufficient knowledge and information to form a belief as to the truth of the allegations in paragraph 2, and on that basis, the allegations are denied.

3. The allegations of paragraph 3 do not specifically pertain to Mr. Harkins, and Mr. Harkins lacks sufficient knowledge and information to form a belief as to the truth of the allegations in paragraph 3, and on that basis, the allegations are denied.

4. The allegations of paragraph 4 do not specifically pertain to Mr. Harkins.

5. The allegations of paragraph 5 do not specifically pertain to Mr. Harkins.

6. Mr. Harkins admits that Barcelona Advisors is a limited liability company that was organized under Arizona law, and that Respondents Bruce Orr ("Orr"), Robert J. Kerrigan ("**Kerrigan**") and George T Simmons ("Simmons") were Members of Barcelona Advisors. Mr. Harkins avers that he was and remains the President of Barcelona Advisors and that Barcelona Advisors is not registered by the Commission as a securities salesman or dealer. Mr. Harkins lacks sufficient knowledge and information to form a belief as to the truth of the other allegations in paragraph 6, and on that basis, those allegations are denied.

7. Mr. Harkins admits that Barcelona Land Company is a limited liability company that was organized under Arizona law, that Barcelona Advisors was a member of Barcelona Land Company, and that USA Barcelona Hotel Holding Company, LLC was named as manager. Mr.

1 Harkins avers that Barcelona Advisors is not registered by the Commission as a securities salesman  
2 or dealer.

3 8. The allegations of paragraph 8 do not specifically pertain to Mr. Harkins.

4 9. The allegations of paragraph 8 do not specifically pertain to Mr. Harkins.

5 10. Agreed.  
6

7 **III.**

8 **FACTS**

9 11. Mr. Harkins agrees with the assertions of paragraph 11 subject to the limits of his  
10 authority imposed by the Barcelona Advisors operating agreement, which are substantial.

11 12. Agreed.

12 13. Agreed.

13 14. Agreed.

14 15. Paragraph 15 over-reaches the role Mr. Harkins had in the Company and on that  
15 basis, the allegations are denied.  
16

17 16. Answering paragraph 16, there was one member and it controlled the entity, and on  
18 that basis the allegations are denied.

19 17. The allegations in paragraph 17 misstate the role Mr. Harkins had in Barcelona  
20 Advisors as he made one presentation to one prospective investor, Kelly Bair, and on that basis,  
21 those allegations are denied  
22

23 18. Agreed, nor were they required to be. It is asserted that the offering complied with  
24 requirements of an exempt offering and thereby was exempt from registration.

25 19. The allegations of paragraph 5 do not specifically pertain to Mr. Harkins.  
26  
27  
28

1           20.    Mr. Harkins agrees that it is his general knowledge that several individuals were  
2 presented with offering memorandum and it is his belief that all person presented with said offering  
3 memorandum were accredited investors and Arizona residents.

4           21.    Agreed.

5           22.    Agreed.

6           23.    Agreed.

7           24.    Answering paragraph 24, the paragraph is incorrect in that Barcelona Advisors did  
8 not intend to operate as a REIT nor did its documents state such. Otherwise, Mr. Harkins avers that  
9 the "*stated business plan*" referred to in the October 2012 Offering speaks for itself and any  
10 allegations made to the contrary are denied.  
11

12           25.    The allegations in paragraph 25 do not apply to Mr. Harkins; thus, no response from  
13 him is required. To the extent that Mr. Harkins must respond to these allegations, he notes that  
14 there are eight (8) persons who invested in the October 2012 Offering; further, Mr. Harkins lacks  
15 sufficient knowledge and information to form a belief as to the truth of the allegations in paragraph  
16 25, and on that basis, the allegations are denied.  
17

18           26.    Mr. Harkins agrees with paragraph 26 that Mr. Kerrigan had a pre-existing consulting  
19 relationship with numerous people but lacks sufficient knowledge and information to form a belief  
20 as to the truth of the allegations in paragraph 26, and on that basis, the allegations are denied.  
21

22           27.    The allegations in paragraph 27 do not apply to Mr. Harkins; thus, no response from  
23 him is required. To the extent that Mr. Harkins must respond to these allegations, he lacks sufficient  
24 knowledge and information to form a belief as to the truth of the allegations in paragraph 27, and  
25 on that basis, the allegations are denied.  
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1           28.    The allegations in paragraph 28 are incorrect as to the number of persons who  
2 subscribed to the Offering receiving the October 2012 Offering from Harkins and Mr. Harkins has  
3 no recollection of having said what is represented in paragraph 28 but seriously doubts in any such  
4 thing was said as a stand-alone statement. The October 2012 Offering contains numerous risk  
5 factors that in aggregate are paramount to any singular one being recanted to a prospective investor.  
6 Mr. Harkins lacks sufficient knowledge and information to form a belief as to the truth of the  
7 allegations in paragraph 28, and on that basis, the allegations are denied.  
8

9           29.    Mr. Harkins recalls an ad was placed for a proposed offering, that if brought forward,  
10 would have been designed to qualify for exemption under AZ 140, which would allow public  
11 solicitation. Otherwise, Mr. Harkins lacks sufficient knowledge and information to form a belief as  
12 to the truth of the allegations in paragraph 29, pertaining to the October 2012 Offering, although it  
13 would have substantially met the qualifications of AZ 140 (maximum of one million dollars, all  
14 accredited investors, all Arizona residents, among other less imposing requirements), and on that  
15 basis, the allegations are denied.  
16

17           30.    Agreed.

18           31.    Mr. Harkins concurs that as an officer of Barcelona Advisors he accepted the  
19 subscription agreements of all subscribers to the October 2012 Offering. Further, he avers that each  
20 subscriber to the October 2012 Offering avowed in their subscription documents to be an accredited  
21 investor and asserted they read the memorandum, including the risk factors and were fully capable  
22 of assuming the risks described under which the offering was made, and could afford a total loss  
23 of their investment, should any such risks occur and result in such total loss. Further, any allegations  
24 made to the contrary are denied.  
25

26           32.    Agreed.  
27  
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1           33.     Mr. Harkins brings to the Commissions attention that AVC was disclosed in the 2012  
2 Offering Memorandum and that it was included and clearly stated that the outcome of the company  
3 (AVC) was that it closed in 2009. The AVC company was not owned by Mr. Harkins, he was one  
4 of several individuals and companies that formed the company, including Coldwell Banker Success  
5 Realty's Builders Developers Services and Kitchell Corporation's Kitchell Custom Builders and  
6 others. AVC was managed by a board directors, the majority of whom were independent directors,  
7 and as AVC's President, Mr. Harkins served at the will of AVC's board. AVC was betaken by the  
8 collapse of the national and international economy in 2007/2008. The story of AVC to that point  
9 was a very good one and the issues with which it dealt were public knowledge via the news media  
10 and the internet. It is a gross mischaracterization to say that AVC was Harkins' company or that  
11 Mr. Harkins was in any way responsible for the difficulties that resulted from the worst recession  
12 in the history of the United States. The placement into Chapter 11 of three controlled affiliates of  
13 AVC was an AVC board decision, managed by Mr. Harkins in concert with third party legal  
14 counsel. In the seven plus years that have transpired since AVC placed the three affiliates into  
15 Chapter 11, there have been no formal complaints or lawsuits brought by any investor against any  
16 current or former officer, director or employee of AVC. It was understood at the time, by all  
17 involved in AVC, both inside and outside the company, what the circumstances were that brought  
18 AVC to cease active business operations. AVC did not file Chapter 11. AVC and the Arizona State  
19 Land Department agreed to the termination of AVC's rights to ownership of the Carefree land  
20 (referred to in the notice as "land for the fourth company") rather than for "nonpayment" as alleged  
21 in the Notice. Further, any allegations made to the contrary are denied.  
22  
23  
24

25           34.     Agreed. The document speaks for itself.  
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1           35.     Mr. Harkins admits that Paul Meka ("*Meka*") had experience evaluating land parcels  
2     and commercial property. Mr. Meka did not have the far reaching duties described in paragraph 35.  
3     In fact, the Notice does not state the Commission's issue with Mr. Meka working at Barcelona  
4     Advisors, except to insinuate some wrong doing on the part of Barcelona Advisors for Mr. Meka's  
5     involvement as an employee. Mr. Harkins avers that there was no relevant reason for any disclosure  
6     in the October 2012 PPM regarding Mr. Meka's employment by Barcelona Advisors.  
7

8           36.     The October 2012 PPM speaks for itself and any allegations made to the contrary are  
9     denied.

10          37.     Mr. Harkins lacks sufficient knowledge and information to form a belief as to the  
11     truth of the allegations in paragraph 37, and on that basis, the allegations are denied. Further  
12     answering, the October 2012 PPM speaks for itself and any allegations made to the contrary are  
13     denied.  
14

15          38.     Mr. Kerrigan was an insider who made gap loans to the company to cover needs that  
16     were not otherwise fulfilled by those, including Mr. Kerrigan, responsible for raising capital, as  
17     programmed, for the company. On that basis, the allegations are denied.

18          39.     Mr. Harkins has stated to the Commission in his deposition that the company did not  
19     shelve its business plan, it adjusted how the business plan was executed under a changing  
20     environment, otherwise , any allegations made to the contrary are denied.  
21

22          40.     Agreed. The document speaks for itself.

23          41.     Mr. Harkins states that there was no need to disclose insider loans. Further, the  
24     business plan stated that funds received from the sale of the Offering were to be used for those  
25     purposes stated in the Offering. One use was working capital which among all company needs is  
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1 used to service then existing financial obligations. Further, any allegations made to the contrary are  
2 denied.

3 42. Mr. Harkins avers that the person referred to in the Notice as "*married investor R.E.*"  
4 is in fact Rodney Eaves ("Eaves"), who served for some time as an officer and later an Executive  
5 Member of Barcelona Advisors. Mr. Harkins avers that with the exception of Mr. Eaves purchase  
6 on a \$250,000 interest in the October 2012 Offering, the remaining five transactions, (one of which  
7 was a subsequent \$250,000 investment in the October 2014 Offering, which, at Mr. Eaves  
8 agreement, was later reclassified as a loan with Mr. Eaves), did not constitute Offerings, as alleged  
9 in the Notice, and on that basis, the allegations are denied.  
10

11 43. Mr. Harkins concurs that Mr. Eaves made several loans to Barcelona Advisors as  
12 outlined in paragraphs 43 through 52 and that Mr. Eaves was apprised of the working capital needs  
13 of the company and that the proceeds of these loans would be used by the company to meet those  
14 needs. Mr. Eaves was fully aware that the company was seeking a mid-term solution to its working  
15 capital requirements, as the commitments made by others to provide those funds were either (i)  
16 defaulted or (ii) currently not occurring, and that the terms and conditions of his loans may require  
17 amendment along the way so as to allow the company to perform thereon. It was during the period  
18 that Mr. Eaves was making the loans that he became closely involved in company meetings,  
19 discussions and planning; and, became first an officer and then an Executive member of the  
20 company. In fact, in the Fall of 2013, Mr. Eaves participated in two day company business retreat  
21 where the history of the company, the current status of the company and the future plans of the  
22 company were presented by numerous people involved with the company and discussions were  
23 held on these matters. Mr. Harkins avers that from the Fall of 2013 through September 2014, a  
24 period of time that covers the dates on which the Eaves loans were made to the company, there was  
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1 nothing about the company's operations and plans of which Mr. Eaves was not fully advised and  
2 therefore any allegation contained in paragraph 43 to the contrary is denied.

3 44. Mr. Harkins avers that his reply contained in paragraph 43 is to be taken by the  
4 Commissions as to his answer and position to this paragraph 44.

5 45. Mr. Harkins avers that his reply contained in paragraph 45 is to be taken by the  
6 Commissions as to his answer and position to this paragraph 44.

7 46. Mr. Harkins avers that his reply contained in paragraph 43 is to be taken by the  
8 Commissions as to his answer and position to this paragraph 46.

9 47. Mr. Harkins avers that his reply contained in paragraph 43 is to be taken by the  
10 Commissions as to his answer and position to this paragraph 47.

11 48. Mr. Harkins avers that his reply contained in paragraph 43 is to be taken by the  
12 Commissions as to his answer and position to this paragraph 48.

13 49. Mr. Harkins avers that his reply contained in paragraph 43 is to be taken by the  
14 Commissions as to his answer and position to this paragraph 49.

15 50. Mr. Harkins avers that his reply contained in paragraph 43 is to be taken by the  
16 Commissions as to his answer and position to this paragraph 50.

17 51. Mr. Harkins avers that his reply contained in paragraph 43 is to be taken by the  
18 Commissions as to his answer and position to this paragraph 51.

19 52. Mr. Harkins avers that his reply contained in paragraph 43 is to be taken by the  
20 Commissions as to his answer and position to this paragraph 52.

21 53. Answering paragraph 53, Mr. Harkins denies that he ever offered or sold promissory  
22 notes issued by Barcelona Advisors in the January 2014 Offering. The two notes sold in the January  
23 2014 Offering were sold by Kerrigan and on that basis, those allegations are denied.

1           54.    Agreed.

2           55.    Agreed.

3           56.    Agreed and further answering, the stated business plan speaks for itself and any  
4 allegations made to the contrary are denied.

5           57.    Agreed and further answering, the December 31, 2013 letter speaks for itself and any  
6 allegations made to the contrary are denied.

7  
8           58.    Mr. Harkins avers neither Mr. Harkins or that Barcelona Advisors made any offering  
9 of the January 2014 Offering. Any such offering was made by others. Further answering, the  
10 January 2014 PPM, as defined in the Notice (the "*January 2014 PPM*") speaks for itself and any  
11 allegations made to the contrary are denied.

12           59.    Mr. Harkins lacks sufficient knowledge and information to form a belief as to the  
13 truth of the allegations in paragraph 59, and on that basis, the allegations are denied.

14           60.    Mr. Harkins lacks sufficient knowledge and information to form a belief as to the  
15 truth of the allegations in paragraph 60, and on that basis, the allegations are denied.

16           61.    Agreed.

17           62.    Agreed.

18           63.    As known by the Commission, the interest payments referred to in paragraph 63 were  
19 deferred under a written notice of same given to the then existing noteholders, categorically without  
20 objection, and subsequently, said interest was paid along with additional bonus interest. Further  
21 answering, the January 2014 PPM speaks for itself and any allegations made to the contrary are  
22 denied.

23           64.    Agreed

65. Mr. Harkins avers that the January 2014 Offering stated that funds received from the sale of the Offering were to be used for those purposes stated in the Offering. On stated use was working capital, and working capital is used to service existing financial obligations. Further answering, the January 2014 PPM speaks for itself and any allegations made to the contrary are denied.

66. Agreed. Further answering, the January 2014 PPM speaks for itself and any allegations made to the contrary are denied.

67. Mr. Harkins avers that the business plan of Barcelona Advisors was executed under an ever changing business environment and the direction the company took was consistent with the description of the business plan as contained in the October 2012 Offering and the January 2014 Offering, and on that basis, the allegations are denied. Further answering, the January 2014 PPM speaks for itself and any allegations made to the contrary are denied.

68. Agreed. Further answering, the January 2014 PPM speaks for itself and any allegations made to the contrary are denied.

69. Mr. Harkins refers to his answer in paragraph 33 herein. Further answering, the January 2014 PPM speaks for itself and any allegations made to the contrary are denied.

70. Agreed. Further answering, the January 2014 PPM speaks for itself and any allegations made to the contrary are denied.

71. Mr. Harkins refers to his answer in paragraph 34 herein. Further answering, the January 2014 PPM speaks for itself and any allegations made to the contrary are denied.

72. Mr. Harkins lacks sufficient knowledge and information to form a belief as to the truth of the allegations in paragraph 72, and on that basis, the allegations are denied. Further

1 answering, the January 2014 PPM speaks for itself and any allegations made to the contrary are  
2 denied.

3 73. Mr. Harkins lacks sufficient knowledge and information to form a belief as to the  
4 truth of the allegations in paragraph 73, and on that basis, the allegations are denied. Further  
5 answering, the January 2014 PPM speaks for itself and any allegations made to the contrary are  
6 denied.  
7

8 74. Mr. Harkins avers that the Kerrigan loans were insider loans and were subject to  
9 verbal agreements among the Executive Members as to modification of the terms of any such loans  
10 and otherwise Executive Member loans were subject to terms of repayment as contained in the  
11 Barcelona Advisors operating agreement. Further, on that basis, the allegations are denied.  
12

13 75. Mr. Harkins avers that there was no final offering document as described in the  
14 Notice as the May 2014 Offering and that no offering was made and no subscriptions were rendered  
15 pertaining to the May 2014 Offering, and on that basis, the allegations are denied.

16 76. Mr. Harkins denies that any person was solicited to subscribe to the May 2014  
17 Offering, as no such final offering document existed and restates the point made in paragraph 75,  
18 there was no final offering document completed for the May 2014 Offering. Mr. Harkins avers that  
19 numerous draft private placement memorandums for Barcelona Land Company were created of the  
20 May 2014 Offering; however, no private placement memorandum as defined in the Notice (the  
21 "*May 2014 PPM*"), was ever published or approved for use or used to make an investment offer.  
22 Mr. Harkins restates that Barcelona Land Company never offered or sold any membership interests,  
23 and that no "*May 2014 Offering*", as defined in the Notice, ever occurred as alleged. Mr. Harkins  
24 avers that parties both inside the company and outside may be or have been in possession of some  
25  
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1 evolution of a draft of the Barcelona Land Company's planned offering, as defined in the Notice  
2 as the May 2014 Offering, and on that basis, the allegations are denied.

3 77. Agreed.

4 78. Answering paragraph 78, Mr. Harkins admits that the 2014 Draft Memorandum  
5 referred to Chanen Construction Company, Inc. ("Chanen"), a specific major general contracting  
6 company (defined in the Notice as the "*Contractor*"), and avers that the 2014 Draft Memorandum  
7 contains draft disclosures approved by Chanen that accurately describe an agreement in principle  
8 that had been negotiated with Chanen. Mr. Harkins avers that it was the desire of both Barcelona  
9 Advisors and the stated desire Chanen to move forward and conclude such an agreement and to  
10 execute the plans thereto, further, that point of finality was not reached as the financial needs of  
11 Barcelona Advisors made it imprudent to continue to formalize the Chanen agreement, at that time,  
12 and this was stated by Mr. Harkins in a private meeting between Mr. Harkins and Steve Chanen.  
13 These events curtailed the completion of a final Barcelona Land Company offering memorandum.  
14 Mr. Harkins restates that no final agreement was signed with Chanen, and no offering  
15 memorandum, referred to in the Notice as the May 2014 Offering, was ever approved for use.  
16 Further answering, Mr. Harkins avers that no version of the planned May 2014 offering was ever  
17 used in connection with an offer or sale of securities, that the May 2014 PPM speaks for itself and  
18 any allegations to the contrary are denied.

19 79. Mr. Harkins denies the allegations in paragraph 79, and avers that an agreement in  
20 principle was reached with Chanen, and that Chanen approved draft disclosures that were set forth  
21 in the 2014 Draft Memorandum, and any allegations to the contrary are denied.

22 80. Agreed.

1           81.     Mr. Harkins refers to his answer in paragraph 33 herein. Further answering, the  
2 January 2014 PPM speaks for itself and any allegations made to the contrary are denied.

3           82.     Mr. Harkins avers that the May 2014 PPM speaks for itself, that the May 2014 PPM  
4 was never approved for use, nor was it used, for the offer or sale of securities, and any allegations  
5 to the contrary are denied.

6           83.     Mr. Harkins refers to his answer in paragraph 35 herein. Further answering, the  
7 January 2014 PPM speaks for itself and any allegations made to the contrary are denied.

8           84.     Mr. Harkins lacks sufficient knowledge and information to form a belief as to the  
9 truth of the allegations in paragraph 84, and on that basis, the allegations are denied. Further  
10 answering, Mr. Harkins avers that the May 2014 PPM speaks for itself, that the May 2014 PPM  
11 was never approved for use, nor was it used, for the offer or sale of securities, and any allegations  
12 to the contrary are denied.

13           85.     Mr. Harkins lacks sufficient knowledge and information to form a belief as to the  
14 truth of the allegations in paragraph 85, and on that basis, the allegations are denied. Further  
15 answering, Mr. Harkins avers that the May 2014 PPM speaks for itself, that the May 2014 PPM  
16 was never approved for use, nor was it used, for the offer or sale of securities, and any allegations  
17 to the contrary are denied.

18  
19  
20                               June 2014 Offering

21           86.     Mr. Harkins avers that one note was placed in the amount of \$5,000 and this did not  
22 constitute an offering and on that basis, the allegations are denied.

23           87.     Mr. Harkins avers that one note was placed in the amount of \$5,000 and this did not  
24 constitute a securities offering and on that basis, the allegations are denied.

25           88.     Agreed  
26  
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1           89.     Mr. Harkins agrees that a letter, approved by the Barcelona Advisors Executive  
2 Committee, was sent by Barcelona Advisors over Mr. Harkins name as its President to existing  
3 investors in Barcelona Advisors informing them of the current need for capital and proposed terms  
4 for a borrowing were outlined, otherwise, the allegations are denied.

5           90.     Mr. Harkins avers that one note was placed in the amount of \$5,000 and this did not  
6 constitute a securities offering and on that basis, the allegations are denied.

7           91.     Mr. Harkins lacks sufficient knowledge and information to form a belief as to the  
8 truth of the allegations in paragraph 91, and on that basis, the allegations are denied.

9           92.     Mr. Harkins avers that the April 2015 Letter with existing Barcelona Advisor  
10 investors was simply communication to present his current thoughts as to how Barcelona Advisors'  
11 investors could have a successful continuation of their investment interest. It was a talking paper  
12 and not any form of an offering, and on that basis, the allegations are denied.

13           93.     Mr. Harkins restates his position in paragraph 92, and on that basis, the allegations  
14 are denied.

15           94.     Mr. Harkins restates his position in paragraph 92, and on that basis, the allegations  
16 are denied.

17           95.     Mr. Harkins restates his position in paragraph 92, and on that basis, the allegations  
18 are denied.

19           96.     Mr. Harkins avers that the May 2015 E-mail with one or more existing Barcelona  
20 Advisor investors was simply communication to present his current thoughts as to how Barcelona  
21 Advisors' investors could have a continuation of their investment interest. It was a talking paper  
22 and not any form of an offering, and on that basis, the allegations are denied.

97. Mr. Harkins restates his position in paragraphs 92 and 96, and on that basis, the allegations are denied.

98. Mr. Harkins restates his position in paragraphs 92 and 96, and on that basis, the allegations are denied.

99. Mr. Harkins restates his position in paragraphs 92 and 96, and on that basis, the allegations are denied.

100. Mr. Harkins avers that the statement contained in paragraph 100 is a matter of opinion and on that basis, the allegations are denied.

#### IV.

## VIOLATIONS OF A. R. S. § 44-1841

**(Offer of Sale of Unregistered Securities)**

1. The allegations in Part IV, paragraph 1, of the Notice are a matter of legal opinion, which call for a legal conclusion, and on that basis, the allegations are denied.

2. The allegations in Part IV, paragraph 2 of the Notice are a matter of legal opinion, which call for a legal conclusion, and on that basis, the allegations are denied.

3. The allegations in Part IV, paragraph 3 of the Notice are a matter of legal opinion, which call for a legal conclusion, and on that basis, the allegations are denied.

**V.**

## VIOLATIONS OF A. R. S. § 44-1842

**(Transactions by Unregistered Dealers or Salesmen)**

4. The allegations in Part V, paragraph 4 of the Notice are a matter of legal opinion, which call for a legal conclusion, and on that basis, the allegations are denied.

5. The allegations in Part V, paragraph 5 of the Notice are a matter of legal opinion, which call for a legal conclusion, and on that basis, the allegations are denied.

## VI.

## VIOLATIONS OF A.R.S. § 44-1991

**(Fraud in Connection with the Offer or Sale of Securities)**

101. Mr. Harkins denies the allegations in paragraph 101, which call for a legal conclusion. Mr. Harkins specifically denies that, in connection with the offer or sale of securities within or from Arizona, he directly or indirectly: (a) employed a device, scheme or artifice to defraud; (b) made untrue statements of material fact or omitted to state material facts that were necessary in order to make the statements made not misleading in light of circumstances under which they were made; or (c) engaged in transactions, practices, or courses of business that operated or would operate as a fraud or deceit upon offerees and/or investors.

102. Mr. Harkins denies the allegations in paragraph 102 that call for legal conclusions. With respect to clauses (a) through (c) of paragraph 102, Mr. Harkins restates his responses elsewhere herein, and on that basis the allegations are denied. Mr. Harkins specifically denies: (a) any alleged omissions, (b) that any additional alleged disclosures were required.

103. The allegation in paragraph 103 requires a legal conclusion and on that basis, the allegation is denied. Mr. Harkins specifically denies that he engaged in any conduct that violated A.R.S. § 44-1991.

VII.

**CONTROL PERSON LIABILITY PURSUANT TO A.R.S. § 44-1999**

104. Mr. Harkins denies the allegations in paragraph 104, which call for legal conclusions. Mr. Harkins specifically denies that he directly or indirectly controlled Barcelona Advisors within

1 the meaning of A.R.S. § 44-1999, and denies that he is therefore jointly and severally liable under  
2 A.R.S. § 44-1999 to the same extent as Barcelona Advisors for any alleged violations of A.R.S.  
3 § 44-1991.

4 105. Mr. Harkins denies the allegations in paragraph 105, which call for legal conclusions.  
5 Mr. Harkins specifically denies that he directly or indirectly controlled Barcelona Land Company  
6 within the meaning of A.R.S. § 44-1999, and denies that he is therefore jointly and severally liable  
7 under A.R.S. § 44-1999 to the same extent as Barcelona Land Company for any alleged violations  
8 of A.R.S. § 44-1991. Mr. Harkins denies that Barcelona Land Company ever offered or sold  
9 securities in Arizona.  
10

11 **VIII.**

12 **REMEDIES PURSUANT TO A.R.S. § 44-1962**

13 **(Denial, Revocation, Or Suspension of Salesman Registration; Restitution, Penalties, or**  
14 **Other**

15 **Affirmative Action)**

16 1. The allegations in paragraph 1, Part VIII of the Notice do not apply to Mr. Harkins;  
17 thus, no response from him is required. To the extent that Mr. Harkins must respond to these  
18 allegations, he lacks sufficient knowledge and information to form a belief as to the truth of the  
19 allegations, and on that basis, the allegations are denied.  
20

21 2. Mr. Harkins denies the allegations of paragraph 2, Part VIII of the Notice, which call  
22 for a legal conclusion.  
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1 IX.

2 TEMPORARY ORDER

3 Cease and Desist from Violating the Securities Act

4 108. Responding to the Division's request for a Temporary Order against Mr. Harkins, he  
5 restates categorically his answers herein and denies that his business activities and conduct have  
6 not been a detriment to the public's welfare such as to cause the Commission to require immediate  
7 attention. Further, Mr. Harkins brings to the attention of the Commission, to the extent it is already  
8 not aware if not learned from depositions of Barcelona Advisors' members and employees, that all  
9 investors in Barcelona Advisors October 2012 Offering and January 2014 Offering were (i)  
10 accredited investors, (ii) comprised a small number of persons (10), and (iii) with one exception,  
11 Kelly Bair, each of whom had a substantial prior relationship with the person whom made the  
12 investment offering to them, one by Harkins (Kelly Bair), one by Jim Wilkerson (Richard Andrade)  
13 and eight by Kerrigan.  
14  
15

16 X.

17 REQUESTED RELIEF

18 109. Responding to the Division's request for relief against Mr. Harkins, Mr. Harkins  
19 requests that the Commission dismiss the Complaint and deny the Division's request for relief in  
20 its entirety, including but not limited to: (1) a "cease and desist order"; (2) an order to take  
21 corrective action, including restitution; (3) an order to pay administrative penalties; or (4) any other  
22 relief.  
23  
24  
25  
26  
27  
28

1 **XI.**

2 **HEARING OPPORTUNITY**

3 110. Mr. Harkins previously filed a request for hearing and a pre-hearing conference. Mr.  
4 Harkins reiterates his request for a hearing.

5 **XII.**

6 **ANSWER REQUIREMENT**

7  
8 111. Mr. Harkins reiterates his request for a hearing, and files this Answer to the Notice  
9 as required.

10 **GENERAL DENIAL**

11 112. Mr. Harkins expressly denies each and every allegation of the Notice not expressly  
12 admitted above. Mr. Harkins avers that he has never violated any Arizona securities law, nor has  
13 he been a control person of any entity which has violated any Arizona securities law, nor has he  
14 authorized any other person to violate any Arizona securities law on his behalf.

15 **AFFIRMATIVE DEFENSES**

16  
17 113. Mr. Harkins alleges that the Notice fails to state a claim upon which relief can be  
18 granted, and this matter should be dismissed against Mr. Harkins in its entirety, with prejudice.

19 114. Mr. Harkins alleges that to the extent that any securities were involved in the alleged  
20 transactions, the securities, and/or the transactions in which they were offered and sold, were  
21 exempt from the registration and/or licensing provisions of the Securities Act.

22  
23 115. Mr. Harkins alleges that he did not improperly offer or sell any securities under  
24 Arizona law, or was he a control person of any entity, including Barcelona Advisors or Barcelona  
25 Land Company, which is alleged to have offered or sold securities under Arizona law.

1           116. Mr. Harkins alleges that the alleged investors did not rely, reasonably or otherwise,  
2 on any misrepresentation made by Mr. Harkins.

3           117. Mr. Harkins alleges that he has not taken any illegal or improper actions within or  
4 from the State of Arizona.

5           118. Mr. Harkins alleges that the claims in the Notice are barred by applicable statutes of  
6 limitation.

7           119. Mr. Harkins alleges that the claims in the Notice are barred by the doctrines of waiver,  
8 estoppel, laches, unclean hands, and contributory negligence.

9           120. Mr. Harkins alleges that the claims in the Notice are barred by assumption of risk.

10           121. Mr. Harkins alleges that the Commission has failed to allege securities fraud with  
11 reasonable particularity as required by applicable law and the Arizona Rules of Civil Procedure.

12           122. Mr. Harkins alleges that he did not know, and in the exercise of reasonable care,  
13 could not have known, of any untrue statements or material omissions as alleged in the Notice.

14           123. Mr. Harkins alleges that he did not act with the requisite scienter.

15           124. Mr. Harkins alleges that he did not employ a deceptive or manipulative device, or  
16 scheme or artifice to defraud in connection with the offer, purchase or sale of any security.

17           125. Mr. Harkins alleges that he did not make any misrepresentations or omissions,  
18 material or otherwise, in connection with the offer or sale of any securities.

19           126. Mr. Harkins alleges that violations of the Securities Act, if any, were proximately  
20 caused and contributed to by the improper conduct of intervening acts of the other persons or  
21 entities named in the Notice and/or other third persons who were not named in the Notice.

22           127. Mr. Harkins alleges that he acted in good faith and did not directly or indirectly  
23 induce any of the conduct at issue.

1           128. Mr. Harkins alleges that no investors have suffered any damages as a result of any  
2 acts or omissions of Mr. Harkins.

3           129. Mr. Harkins alleges that any damages alleged to have been suffered by investors were  
4 caused by the actions of parties not under the control of Mr. Harkins.

5           130. Mr. Harkins alleges that the investors relied on other culpable parties in connection  
6 with the matters alleged in the Notice.

7           131. Mr. Harkins alleges that restitution is barred because damages, if any, were caused  
8 by the investors' own acts or omissions and/or by the investors' failure to mitigate their damages.

9           132. Mr. Harkins alleges that certain claims in the Notice are barred, in whole or in part,  
10 because the investors' damages, if any, were caused by the acts of other persons or entities that Mr.  
11 Harkins did not control, and for which Mr. Harkins is not legally responsible.

12           133. Mr. Harkins alleges that certain claims in the Notice are barred, in whole or in part,  
13 because the investors' damages, if any, were caused by the intervening and superseding acts of  
14 other persons or entities that Mr. Harkins did not control, and for which Mr. Harkins is not legally  
15 responsible.

16           134. Mr. Harkins alleges that certain claims in the Notice are barred, in whole or in part,  
17 because of mutual mistake.

18           135. Mr. Harkins alleges that certain claims in the Notice are barred, in whole or in part,  
19 because of payments, accord and satisfaction.

20           136. Mr. Harkins alleges that certain claims in the Notice are precluded, in whole or in  
21 part, by offsets.

22           137. Mr. Harkins alleges that certain claims in the Notice are barred, in whole or in part,  
23 because the investors acted in bad faith.

1           138. Further investigation and discovery in this matter may reveal the existence of  
2 additional affirmative defenses. Therefore, Mr. Harkins reserves as possible defenses all other  
3 defenses available under the Arizona Rules of Civil Procedure.

4           139. Mr. Harkins reserves the right to amend this Answer to assert additional affirmative  
5 defenses after completion of investigation and discovery.


6           **WHEREFORE**, having fully answered the Notice, there is no basis for imposing liability  
7 of any kind against Mr. Harkins, and he asks that:  
8

9           A. The Notice be dismissed with prejudice against Mr. Harkins; and there should be no  
10 order of any kind against him;

11           B. Mr. Harkins' request for a hearing, which was previously filed, be reaffirmed; and

12           C. Mr. Harkins be awarded such other and further relief as may be appropriate under the  
13 circumstances.  
14

15           DATED this 15 day of March, 2016.

16  
17 By:   
18 Richard C. Harkins  
19 4422 E. Lupine Ave.  
20 Phoenix, AZ 85028

21 ORIGINAL and thirteen copies of the foregoing  
22 filed this 15 day of March, 2016 with:

23 Docket Control  
24 Arizona Corporation Commission  
25 1200 West Washington Street  
26 Phoenix, AZ 85007

27 COPY of the foregoing hand-delivered  
28 This \_\_\_ day of March, 2016 to:

Matthew J. Neubert

1 Director of Securities  
Securities Division  
2 Arizona Corporation Commission  
1300 W. Washington Street, 3<sup>rd</sup> Floor  
3 Phoenix, AZ 85007  
4  
5 Hearing Officer  
Hearing Division  
6 Arizona Corporation Commission  
1200 W. Washington Street  
7 Phoenix, AZ 85007  
8  
9 Paul Kitchin  
Securities Division  
Arizona Corporation Commission  
1300 W. Washington, 3<sup>rd</sup> Floor  
10 Phoenix, AZ 85007  
11  
12 USA Barcelona Realty Advisors, LLC  
USA Barcelona Hotel Land Company I, LLC  
c/o Richard C. Harkins  
13 4422 East Lupine Avenue  
Phoenix, AZ 85028  
14  
15 Robert J. Kerrigan  
c/o Robert Mitchell  
16 Tiffany & Bosco, P.A.  
Camelback Esplanade II, Seventh Floor  
17 2525 East Camelback Road  
Phoenix, AZ 85016  
18 Counsel for Robert J. Kerrigan  
19  
20 George T. Simmons  
c/o Charles Berry  
Clark Hill, P.L.C.  
21 14850 N. Scottsdale Rd  
Suite 500  
22 Scottsdale , AZ 85254  
23  
24 Bruce Orr  
3757 Falcon Avenue  
Long Beach, CA 90807  
25  
26  
27  
28

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*GR*  
*Ref*  
*CDV*  
**SPECIMEN DOCUMENT - NOT FOR EXECUTION**

**USA BARCELONA REALTY ADVISORS, L.L.C.**

**PROMISSORY NOTE (the "Note")**

*DM*  
**FOR VALUE RECEIVED**, USA BARCELONA REALTY ADVISORS, L.L.C., an Arizona limited liability company ("Maker") promises to pay to the order of Roberta Burleson ("Payee"), at the mailing address of Payee, or at such other place as the holder may from time to time designate, the principal sum of One Hundred Thousand Dollars (\$100,000), together with interest on the unpaid amount of such sum at the Interest Rate (as defined below). *50,000* *at 12% 12/31*

1. **Payments - Principal, Base Rate Interest and Bonus Interest** - The Note will earn Base Rate Interest at a twelve percent (12%) annual interest rate. Base Rate Interest will accrue from the date of issuance and any applicable Term Date Extensions. Principal and Base Rate interest will be paid as follows:

- is due + payable*
- (a) Principal and Base Rate Interest shall be paid on August 31, 2013 (the "Term Date"). The principal amount of the Note may not be paid prior to the Note Term Date.
  - (b) The Term Date of the Note may be extended, at sole option of Payee, to December 31, 2013 at which time Principal and Base Rate Interest are due and payable and a Bonus Interest payment in the amount of 6.0% of the Note amount shall be due and payable. *12/31/13*
  - (c) **Optional Term Date Extensions** - The Term Date of the Note may be further extended, at sole option of Payee, beyond 12-31-2013 up to four times with the Optional Term Date Extensions being:
    - a. First Optional Term Date Extension - March 31, 2014,
    - b. Second Optional Term Date Extension - June 30, 2014,
    - c. Third Optional Term Date Extension - September 30, 2014 and
    - d. Fourth Optional Term Date Extension - December 31, 2014.

Base Rate Interest shall be paid on each elected Optional Term Date Extension.

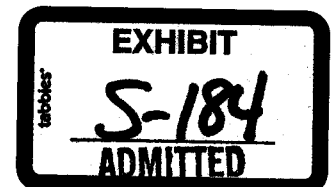
- (d) In the event Payee elects to extend the Term Date to December 31, 2014, a second Bonus Interest payment in an amount equal to 12% of the Note amount shall be payable on 12-31-2014.

2. **Default.** The failure by Maker to pay Principal and interest due under this Note in accordance with its terms shall constitute an Event of Default. Upon the occurrence of any Event of Default, the Payee may exercise any and all rights and remedies available at law or in equity.

3. **Owner: Corporate Liability Only.** The Maker may treat the Payee as the owner of this Note for any purpose whether or not this Note is overdue, and neither the Maker nor any such agent shall be affected by notice to the contrary. No recourse shall be had for the payment of Principal or interest on this Note, or for any claim based on this Note, against any Member or President of the Maker.

4. **Attorneys' Fees.** Maker, any endorser, guarantors, sureties, or accommodation parties, and all other persons liable or to become liable on this Note, jointly and severally agree to pay all fees and costs incurred in connection with the collection of the amounts due and owing under this Note, including attorneys' fees and all costs.

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FILE #8503



COPY

5. Governing Law and Severability. This Note is made pursuant to, and shall be construed and governed by, the laws of the State of Arizona. Maker submits to the exclusive jurisdiction of the courts of Maricopa County, Arizona. If any provision of this Note is construed or interpreted by a court of competent jurisdiction to be void, invalid or unenforceable, such determination shall affect only those provisions so construed or interpreted and shall not affect the remaining provisions of the Note.

6. Time of Essence. Time is of the essence of this Note.

7. Notices. All notices under this Note shall be in writing and shall be deemed delivered upon personal delivery to the authorized representatives of either party or 48 hours after being sent by certified mail (registered mail if to an address outside of the United States), return receipt requested, postage prepaid, addressed to the respective parties at the addresses set forth below.

8. Waiver. Maker for itself and for its successors, transferees and assigns, hereby waives presentment and demand for payment, protest, notice of protest and nonpayment. Maker agrees that this Note and any or all payments coming due hereunder may be extended or renewed from time to time without in any way affecting or diminishing Maker's liability under this Note.

IN WITNESS WHEREOF, Maker has executed this Note as of the date set forth below.

"MAKER"

USA BARCELONA REALTY ADVISORS, L.L.C.



By: Richard C. Harkins

Its: President

Dated: 5/30/13

Address:  
7025 N. Scottsdale Road, Suite 160  
Scottsdale, Arizona 85253

ADDRESS OF PAYEE:

[REDACTED]

[REDACTED] AZ [REDACTED]

ACC000948  
FILE #8503